

The Manager
Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Plot No.C-1, Block G
Bandra-Kurla Complex
Bandra (E)
Mumbai 400 051

The Secretary
BSE Limited,
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001

Symbol : CHOLAHLDNG

Scrip Code : 504973

Dear Sir / Madam,

Sub: Notice of the 71st Annual General Meeting and Annual Report for the FY 2019-20

We wish to inform you that the **71st Annual General Meeting (AGM)** of the Company will be held on **Wednesday, 12th August, 2020 at 3.30 p.m. IST** through Video Conferencing (VC). Pursuant to Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), we enclose a copy of Annual Report of the Company along with the Notice of AGM. The copies of Annual Report and AGM notice have been sent today to all the shareholders whose email addresses are registered with their Depository Participant/s (DPs) / KFin Technologies Private Limited ('KFIN'), the Registrar and Share Transfer Agent ('RTA'), as the case may be.

The above documents are also uploaded on the websites of the Company, www.cholafhl.com and RTA: <https://evoting.karvy.com>. The Company vide newspaper publication dated 11th July, 2020 had informed the shareholders who have not registered their e-mail addresses with their DPs or RTA about the registration process for receipt of Annual Report, AGM notice and login credentials for participation in the AGM through VC.

The Company is providing remote e-voting facility to all its members to cast their vote on all businesses contained in the notice through the e-voting platform of KFIN and facility for voting by electronic means in the AGM. The remote e-voting period commences on **Saturday, 8th August, 2020 (9:00 a.m. IST) and ends on Tuesday, 11th August, 2020 (5:00 p.m. IST)**. During this period, members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. 5th August, 2020 may cast their votes electronically. The voting rights of the members shall be in proportion to the number of shares held in the Company as on the cut-off date.

The Company is providing Video Conferencing facility through KFIN platform for the members to participate in the AGM. Members may access the facility at <https://emeetings.kfintech.com> through the same login credentials provided to them for e-voting. Further, the detailed instruction for e-voting, participation in the AGM through VC and remote e-voting have been provided in the notice of the AGM.

We request you to kindly take the above on record.

Thanking you,
Yours faithfully,
For **Cholamandalam Financial Holdings Limited**



E Krithika
Company Secretary
Encl: As above

Cholamandalam Financial Holdings Limited
(Formerly known as TI Financial Holdings Limited)

Dare House, 234, N.S.C Bose Road, Chennai - 600 001, India Tel: 91.44.4217 7770-5
Fax: 91.44.42110404 Website: www.cholafhl.com CIN -L65100TN1949PLC002905

NOTICE TO MEMBERS

NOTICE is hereby given that the 71st Annual General Meeting (AGM) of the members of Cholamandalam Financial Holdings Limited ('the Company') will be held at **3.30 pm IST on Wednesday, the 12th August 2020** through video conferencing or other audio visual means to transact the following business:

ORDINARY BUSINESS

ITEM NO. 1 - To consider and if deemed fit, to pass the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT the board's report, the statement of profit and loss and the cash flow statement for the year ended March 31, 2020 and the balance sheet as at that date, including the consolidated financial statements, together with the independent auditors' reports thereon be and are hereby considered, approved and adopted.

ITEM NO. 2 - To consider and if deemed fit, to pass the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT the interim dividend of 65% approved by the Board of Directors on February 26, 2020 on the equity shares of ₹1/- each of the Company and paid to those equity shareholders whose names appeared in the register of members as on March 6, 2020 being the record date fixed for this purpose, be and is hereby confirmed as final dividend for the financial year 2019-20.

ITEM NO. 3 - To consider and if deemed fit, to pass the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT Mr. Sridharan Rangarajan (holding DIN 01814413), who retires by rotation and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a director of the Company liable to retire by rotation.

ITEM NO. 4 - To consider and if deemed fit, to pass the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT pursuant to the provisions of sections 139, 141, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the re-appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm registration no.101049W/E300004) as the Statutory Auditors of the Company to hold office for a second term of five consecutive years from the conclusion of the 71st AGM until the conclusion of the 76th AGM on a remuneration of ₹12,50,000/- (excluding out of pocket expenses incurred by them in connection with the Audit and applicable taxes) for the FY 2020-21 be and is hereby approved and the Board may decide the remuneration payable to the Statutory Auditors for the subsequent years based on the recommendation of the Audit Committee.

SPECIAL BUSINESS

ITEM NO. 5 - To consider and if deemed fit, to pass the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT pursuant to the provisions of sections 149, 150, 152, 161 read with schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Articles of Association of the Company, Ms. Vasudha Sundararaman (holding DIN 06609400), an additional director, holding office up to the date of this Annual General Meeting be and is hereby appointed as an independent director of the Company not liable to retire by rotation, to hold office for a term of five (5) consecutive years effective February 12, 2020 to February 11, 2025.

ITEM NO. 6 - To consider and if deemed fit, to pass, the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT pursuant to the provisions of sections 196, 197, 203 read with schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded for the re-appointment of Mr. N Ganesh as Manager of the Company for a further period of three (3) years with effect from June 15, 2020 to June 14, 2023 and be paid remuneration as detailed below subject to an overall limit of 5% of the net profits of the Company for each financial year computed in the manner prescribed in section 197 of the Act:

a. Salary

₹2,07,505/- per month in the scale of ₹2,00,000 – ₹4,50,000/- per month. The increments within the scale would be decided by the Nomination & Remuneration Committee of the Board.

b. Allowances

Allowances like Leave Travel Allowance, Personal Allowance, Special Allowance, Grade Allowance and/or any other allowance not exceeding 150% of the salary.

c. Incentive

Incentive will be (at 100% level) upto 22.5% of annual pay (annual pay includes salary, perquisites, allowances, incentive and retirement benefits).

d. Perquisites

Perquisites such as house rent allowance, reimbursement of medical expenses and any other perquisites, benefits or amenities as per the Company's scheme(s) in force from time to time.

e. Retirement benefits

(i) Contribution to Provident Fund, Superannuation Fund and Gratuity as per rules of the Fund/Scheme in force from time to time.

(ii) Encashment of leave as per rules of the Company in force from time to time.

f. General

(i) In the event of absence or inadequacy of profits in any financial year, the remuneration payable to Mr. Ganesh will be subject to section 197 of the Act and provisions of Section II of Part II of Schedule V to the Act or any other law or enactment for the time being in force.

(ii) The aggregate remuneration (including Salary, Allowances, Perquisites, Incentive and Retirement Benefits) for any financial year shall be subject to an overall ceiling of 5% of the net profits of the Company for that financial year computed in the manner prescribed under the Act.

(iii) Mr. Ganesh will be subject to all other service conditions as applicable to any other employee of the Company.

RESOLVED FURTHER THAT the Board of Directors or any Committee thereof, be and is hereby authorised to do all such acts, deeds and things as they may be deemed necessary, proper, desirable or expedient to give effect to this resolution including alteration and variation in such terms of re-appointment and remuneration so as to not exceed the limits specified in schedule V of the Act as may be deemed to be in the best interest of the Company.

By Order of the Board

Place : Chennai

Date : June 15, 2020

E Krithika

Company Secretary

NOTES:

- In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 and the Securities and Exchange Board of India (SEBI) vide its circular dated May 12, 2020, have allowed companies to conduct Annual General Meeting ('AGM') through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') during the calendar year 2020 subject to compliance with requirements mentioned therein. Accordingly, the 71st AGM of the Company is being conducted in an electronic mode through VC / OAVM.**
- Since the 71st AGM is being conducted through VC / OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the 71st AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
- The Company has enabled VC / OAVM facility for participation of members in the AGM. Instructions for participation in the AGM through VC / OAVM are provided in para II of the 'instructions to members' section given in the Notice.**
- The business set out in the Notice will be transacted through electronic voting (e-voting) system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are provided in para I of the 'instructions to members' section given in the Notice.
- Corporate members intending to attend the AGM through their authorised representatives are requested to send a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the AGM through e-mail to investorservices@cfhl.murugappa.com or inward.ris@kfintech.com
- A statement pursuant to section 102 of the Companies Act, 2013 ('the Act') in respect of businesses set out under item no. 5 & 6 of the Notice is annexed.

7. Information required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') in respect of appointment / re-appointment of directors and auditors is furnished in this Notice.
8. In terms of MCA and SEBI notifications, Notice of the 71st AGM along with the Annual Report 2019-20 are being sent only by electronic mode to those members whose mail addresses are registered with the Company/ Depository participants ('DPs'). Members who have not yet registered their email addresses are requested to follow the procedure provided in para III of the 'instructions to members' section given in the Notice.
9. The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of the Act, the Register of Contacts or arrangements in which the directors are interested under section 189 of the Act and all other documents referred in the notice will be available for inspection in electronic mode. Members who wish to inspect the documents can send an email to investorservices@cfhl.murugappa.com.
10. All correspondence relating to change of address, change in the e-mail address already registered with the company, transfer / transmission of shares, issue of duplicate share certificates, bank mandates and all other matters relating to the shareholding in the company may be made to KFin Technologies Private Limited (KFin), the Registrar and Share Transfer agent ('RTA') of the Company. Members holding shares in dematerialised form may send such communication to their respective DPs.
11. Members who are holding shares in physical form are advised to submit complete particulars of their bank account to our RTA, KFin, to facilitate electronic remittance of dividend. This would help avoiding fraudulent encashment of the warrants.
12. Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed Form no. SH-13, duly filled in, to the RTA. The prescribed form can be obtained from the RTA or the secretarial department of the Company.
13. The Company has transferred unclaimed / unencashed dividends upto the interim dividend for FY 2012-13, from time to time, to the Investor Education and Protection Fund ('IEPF'). Details of unclaimed / unpaid dividends lying with the Company as on March 31, 2019 is available on the website of the Company at <http://www.cholafhl.com/investors/706> and also on the website of the MCA.

Pursuant to the provisions of section 124 of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, shares in respect of which dividend has not been paid or claimed for seven consecutive years or more has been transferred by the Company to the demat account of the IEPF Authority. Details of shares transferred to the IEPF during FY 2019-20 is provided in general shareholders information section of annual report. Shares and dividend transferred to the IEPF Authority can be claimed back by following the procedure for refund as detailed on the website of IEPF, www.iepf.gov.in. Members are requested to contact the RTA or the Company in this regard. Members who have not encashed their warrants in respect of the final dividend declared for FY 2012-13 and subsequent dividends thereon, may write to the Company Secretary or the RTA immediately for claiming their dividends.
14. Members may note that pursuant to the amendments introduced by the Finance Act, 2020, w.e.f. April 1, 2020, the Company will be required to deduct tax at the applicable rates on the dividend declared and paid to the members. Therefore, members who have not furnished their Permanent Account Number (PAN) are requested to submit a copy of the same immediately to the Company / RTA or to the depositories, as the case may be, to avoid deduction of tax at a higher rate. Members seeking non-deduction of tax on their dividends may submit Form 15G/15H as applicable, to the Company at <https://ris.kfintech.com/form15/>.
15. SEBI has mandated the submission of PAN by every participant in the securities market. Members holding shares in electronic form, are therefore requested to submit their PAN to their DPs. Members holding shares in physical form may submit their details to RTA.
16. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to KFin, for consolidation into a single folio.
17. As per regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019. In view of this requirement members holding shares in physical form are requested to consider converting their holdings to dematerialised form.
18. To promote green initiative, members are requested to register their e-mail address to receive all communication and documents including annual reports from time to time in electronic form. Members holding shares in dematerialised form may send such communication to their respective DPs and those holding shares in physical form may send such communication to the RTA.
19. Since the 71st AGM is being held in an electronic mode through VC / OAVM, the route map is not provided.

By Order of the Board

Place : Chennai
Date : June 15, 2020

E Krithika
Company Secretary

ANNEXURE TO THE NOTICE

A. Information pursuant to regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Item No.3

Mr. Sridharan Rangarajan, aged 54 years, has been a director of the Company since August 2018. Mr. Sridharan is liable to retire by rotation at this AGM and being eligible has offered himself for re-appointment. He is a member of the Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee of the Board. Brief profile of Mr. Sridharan is provided in the annual report. Details of his qualification, experience and other information pursuant to regulation 36 of the Listing Regulations and Secretarial Standards on General Meetings are furnished in section (c) below.

The Board considers his continued association would be beneficial to the Company and recommends his re-appointment as a director liable to retire by rotation for approval by the members.

Memorandum of Interest

Except Mr. Sridharan Rangarajan, being the appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the aforesaid resolution.

Item No.4

The Members of the Company at the 66th AGM held on August 10, 2015, approved the appointment of M/s S.R. Batliboi & Associates LLP, Chartered Accountants ('SRBA LLP'), as the Auditors of the Company for a period of five years from the conclusion of the said AGM. SRBA LLP will complete their present term on conclusion of this AGM.

The Audit Committee of the Board after consideration of various parameters viz. capability to serve, audit experience in the Company's business segment, reputation of the firm, technical knowledge etc., has recommended re-appointment of SRBA LLP for a second term of five years.

M/s S.R. Batliboi & Associates LLP (FRN 101049W/E300004), is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. SRBA LLP was established in the year 1965 and is a limited liability partnership firm ('LLP') incorporated in India. It has its registered office at 22, Camac Street, Kolkata and has 11 branch offices in various cities in India. SRBA LLP has a valid peer review certificate and is part of S.R. Batliboi & Associates network of audit firms. It is primarily engaged in providing audit and assurance services to its clients.

SRBA LLP have conveyed their consent for re-appointment as the statutory auditors of the Company along with the confirmation that, their appointment, if approved by the members, would be within the limits prescribed under the Act. The proposed statutory audit fees for the FY 20-21 is ₹12,50,000/- (Rupees twelve lakhs fifty thousand only). Approval of the members is sought to authorise the Board to fix remuneration payable to the statutory auditors for subsequent years.

Accordingly, pursuant to the provisions of section 139 of the Act read with rules made thereunder, the Board on the recommendation of the Audit Committee recommends the re-appointment of SRBA LLP as statutory auditors of the Company for a second term of five (5) consecutive years from the conclusion of the 71st AGM till the conclusion of 76th AGM of the Company as set out in the resolution, for approval by the members.

Memorandum of Interest

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the aforesaid resolution.

B. Statement in respect of Special Business [Pursuant to section 102 of the Companies Act, 2013]

Item No.5

Ms. Vasudha Sundararaman, aged 62 years, was appointed as an Additional Director by the Board with effect from February 12, 2020 pursuant to the provisions of section 161 of the Act and holds office upto the date of this AGM. She is a member of the Audit Committee and Nomination & Remuneration Committee of the Board. Brief profile of Ms. Vasudha is provided in the annual report. Details of her qualification, experience and other information pursuant to regulation 36 of the Listing Regulations and Secretarial Standards on General Meetings are furnished in section (c) below.

The Company has received a notice in writing from a member under section 160 of the Act, proposing the candidature of Ms. Vasudha as a director. Ms. Vasudha has given a declaration to the Board that she meets the criteria for independence as provided under section 149 of the Act as well as under applicable provisions of the Listing Regulations. The terms and conditions of her appointment is available for inspection by members till the AGM during the normal business hours.

In the opinion of the Board, Ms. Vasudha fulfils the conditions specified in the Act and Rules made there under for appointment as an independent director (ID) and she is independent of the management.

Pursuant to the provisions of section 149 of the Act, an ID shall hold office for a term up to five consecutive years on the Board of a company and shall not be liable to retire by rotation. Considering Ms. Vasudha's expertise and experience in financial services sector, the Board is of the opinion that it would be in the interest of the Company to appoint her as an Independent Director. Accordingly, the Board recommends the appointment of Ms. Vasudha as an Independent Director not liable to retire by rotation, for a term of five (5) consecutive years as set out in the resolution, for approval by the members.

Memorandum of Interest

Except Ms. Vasudha Sundararaman, being the appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the aforesaid resolution.

Item No.6

Mr. N Ganesh was appointed as the Manager of the Company for a period of 3 years with effect from August 9, 2017 and his term of appointment expires on August 8, 2020. He is a member of the Risk Management Committee of the Board. Mr. Ganesh is also the Chief Financial Officer of the Company appointed with effect from February 5, 2018. He is an employee of Cholamandalam Investment and Finance Company Limited (CIFCL), an associate company and deputed to the Company on a full-time basis vide a deputation agreement executed between the Company, CIFCL and Mr. Ganesh.

In terms of section 203 of the Act, the Board pursuant to the recommendation of the Nomination & Remuneration Committee and subject to the approval of members, re-appointed Mr. Ganesh as the Manager for a further period of three (3) years with effect from June 15, 2020 on the terms and conditions detailed in the resolution.

Mr. Ganesh, aged 47 years, is a Commerce graduate, a member of the Institute of Chartered Accountants of India and a qualified Cost & Works Accountant and a Company Secretary. He has about 24 years of post-qualification work experience in financial services sector in the areas of Corporate Accounting Function, Treasury Management, Financial Accounting, Process and Controls, Internal Audit, Taxation and Compliance.

Mr. Ganesh does not hold any shares in the Company and is not related to any Directors and Key Managerial Personnel of the Company and their relatives. Details of remuneration last drawn is provided in the remuneration related disclosure in the annual report.

The Board recommends the re-appointment of Mr. Ganesh as the Manager on the terms set out in the resolution for approval by the members.

Memorandum of Interest

Except Mr. Ganesh, being the appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the aforesaid resolution.

C. Disclosure under regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings

| Details / Name of the Director | Mr. Sridharan Rangarajan | Ms. Vasudha Sundararaman |
|--|---|--|
| DIN | 01814413 | 06609400 |
| Date of Birth | 16 th March 1966 | 10 th November 1957 |
| Date of Appointment (Initial appointment) | 30 th August 2018 | 12 th February 2020 |
| Qualification | Commerce graduate, an associate member of the Institute of Chartered Accountants of India and graduate member of the Institute of Cost and Works Accountants of India. | B.Sc (Zoology) from Stella Maris College, Chennai, M.Sc (Zoology) from Madras University and a Certified Associate of Indian Institute of Bankers. |
| Expertise in specific functional areas | Has over 30 years of experience in finance, manufacturing, service & distribution, banking and contracting industries. | Has lengthy experience in grass-root, retail aspects of banking for close to 20 years as Branch Head, Head of Personal Banking Division, NRI Division and retail processing. |
| Terms & Conditions of appointment / re-appointment | As per the resolution under Item no. 3 | As per the resolution under Item no. 5 |
| Directorships in other companies (including foreign companies) | 1. Cholamandalam MS General Insurance Company Limited (Chola MS) 2. Cholamandalam Home Finance Limited (CHFL) 3. Cholamandalam MS Risk Services Limited 4. Cholamandalam Health Insurance Limited 5. Net Access India Limited 6. Thukela Refractories Isithebe Pty Limited* 7. CUMI Europe s.r.o* | Nil |
| Memberships in Board committees of other companies (includes membership details of all committees) | Committee memberships: + Chola MS - Audit Committee, Risk Management Committee, Policyholders' Protection Committee, Business Committee, Investment Committee and Management Committee + CHFL - Audit Committee & Corporate Social Responsibility Committee | Nil |
| No. of shares held in the Company | Nil | Nil |
| Inter-se relationship with any other directors or KMP of the company | Nil | Nil |

* In the process of de-registration

For further details, please refer the Corporate Governance Report which forms part of the Annual Report.

INSTRUCTIONS TO MEMBERS

I. FOR ELECTRONIC VOTING [E-Voting]

Pursuant to the provisions of section 108 of the Act read with rule 20 of the Companies (Management and Administration) Rules, 2014 and the Listing Regulations as amended from time to time, the Company is pleased to offer e-voting facility to members to exercise their votes electronically on all resolutions set forth in the notice convening the 71st Annual General Meeting (AGM) scheduled to be held at 3.30 p.m. on Wednesday, August 12, 2020.

The company has engaged the services of KFin Technologies Private Limited (KFin) to provide remote e-voting facility for members to cast their votes in a secure manner. Mr. R. Sridharan of M/s. R. Sridharan & Associates, Practicing Company Secretaries will act as the scrutiner to scrutinise e-voting and conduct the voting process at the AGM in a fair and transparent manner. In terms of the requirements of the Act and the Rules made there under, the Company has fixed **Wednesday, August 5, 2020** as the cut-off date. The remote e-voting / voting rights of the members / beneficial owners shall be reckoned on the equity shares held by them as on cut-off date, i.e. August 5, 2020.

The remote e-voting facility begins on **Saturday, August 8, 2020 (9:00 a.m. Indian Standard Time) and ends on Tuesday, August 11, 2020 (5:00 p.m. Indian Standard Time)**. During this period, the members of the company, holding shares either in physical form or in dematerialised form, as on the cut-off date of August 5, 2020, are entitled to avail the facility to cast their vote electronically / voting in the general meeting, as the case may be. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting facility shall be disabled by KFin upon expiry of the aforesaid period. Once the vote on a resolution is cast by a member, he / she shall not be allowed to change it subsequently or cast the vote again.

A. For members receiving an e-mail from KFin, e-voting service provider [for members whose e-mail addresses are registered with the company / DP(s)]:

Open your web browser during the voting period and navigate to <https://evoting.karvy.com>.

- (i) Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be E-Voting Event Number 5358 (EVEN) followed by folio number. In case of demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your vote.
- (ii) After entering these details appropriately, click on "LOGIN".
- (iii) You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A - Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, e-mail ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- (iv) You need to login again with the new credentials.
- (v) On successful login, the system will prompt you to select the E-Voting event.
- (vi) Select the EVEN of "Cholamandalam Financial Holdings Limited" and click on "SUBMIT".
- (vii) Now you are ready for e-voting as "Cast Vote" page opens.
- (viii) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR / AGAINST" taken together not exceeding your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- (ix) Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat accounts.
- (x) Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- (xi) You may then cast your vote by selecting an appropriate option and click on "SUBMIT".

- (xii) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the resolution(s).
- (xiii) Corporate / institutional members (i.e. other than Individuals, HUF, NRI etc.,) are also required to upload in the e-voting portal, the scanned certified true copy (PDF Format) of the board resolution / authority letter etc., together with attested specimen signature(s) of the duly authorised representative(s) or alternatively to e-mail, to the scrutiniser at e-mail, rsaevoting@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above mentioned documents should be in the naming format "CFHL – 71st AGM".

B. Members whose e-mail addresses are not registered with the Company / DPs [including members holding shares in physical form]:

Members may follow the procedure for registration of e-mail address and obtaining User ID and Password provided under section (III) below and then follow all steps from sl. no. (i) to sl. no. (xiii) above to cast your vote by electronic means.

C. Voting during the AGM:

Members participating in the AGM and who have not cast their vote through remote e-voting are eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. Members may click on the voting icon (🗳️) on the left side of the screen to cast their votes.

D. Other Instructions

- (i) In case of any queries, you may refer Help & FAQ section of KFin at <https://evoting.karvy.com/public/Faq.aspx> or call KFin on 040-67162222 & Toll-free No. 1800 3454 001.
- (ii) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (iii) The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the company as on the cut-off date of August 5, 2020.
- (iv) Any person who acquires shares of the company and becomes a member of the company after dispatch of the notice to the members and holding shares as on the cut-off date of August 5, 2020, may obtain the User ID and password by sending a request through email to einward.ris@kfintech.com. However, if you are already registered with KFin for remote e-voting then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using "Forgot user details / Password" option available on <https://evoting.karvy.com>.
- (v) Members who have cast their votes through remote e-voting may also attend the AGM. However, those members are not entitled to cast their vote again during the AGM.
- (vi) A member can opt for only one mode of voting i.e., either through remote e-voting or voting during the AGM. Thus, voting facility at the AGM shall be used only by those who have not exercised their right to vote through remote e-voting.
- (vii) The Scrutiniser shall immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the results of the voting forthwith.
- (viii) The voting results declared along with the scrutiniser's report will be placed on the company's website, www.cholafhl.com and on the website of KFin at <https://evoting.karvy.com/public/Downloads.aspx> after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the Stock Exchange(s).

II. FOR ATTENDING THE AGM THROUGH VIDEO CONFERENCING (VC) OR OTHER AUDIO VISUAL MEANS (OAVM)

The Company has engaged M/s KFin Technologies Private Limited (KFin) to provide VC / OAVM facility to conduct the 71st AGM in an electronic manner. Procedure for participating in the AGM through VC / OAVM and the related matters are given below:

- (i) Members may attend the AGM through VC at <https://emeetings.kfintech.com> by using their remote e-voting credentials. The link for the AGM will be available in the shareholder/Members login where the "EVENT" and the "Name of the company" can be selected. Please note that the Members who have not registered their e-mail address or do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in this Notice.
- (ii) Members can join the AGM 30 minutes before the scheduled time of the commencement of the AGM by logging into <https://emeetings.kfintech.com> and clicking on the "Video Conference" icon. Upto 1000 members will be allowed to participate in the AGM on first come first serve basis. This restriction is not applicable for participation of large shareholders (shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
- (iii) Members are encouraged to participate in the AGM through laptops or desktops using Google Chrome for better experience. Members are also required to allow camera and use internet with good speed to avoid any disturbance during the meeting. Members may further note that connecting from mobile devices or tablets or through laptops connecting via mobile hotspot may face audio/video loss due to fluctuations in their respective networks. It is therefore recommended to use a stable Wi-Fi or LAN connection to avoid such issues.
- (iv) Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum for the meeting under Section 103 of the Act.
- (v) **Posting of queries prior to AGM:** Shareholders who would like to express their views/raise queries on the official business during the AGM, may please log into <https://emeetings.kfintech.com> and click on the tab 'Post Your Queries' to post their queries/views/questions in the window provided therein by mentioning their e-mail id and mobile number. The window for posting queries/questions/views will remain open from **9.00 am on August 6, 2020 till 5.00 pm on August 9, 2020.**
- (vi) **Speaker Registration:** Members who wish to speak at the AGM may log into <https://emeetings.kfintech.com> and click on the tab "Speaker Registration" by mentioning their e-mail id, mobile number and city. The speaker registration will commence at **9.00 am on August 6, 2020** and close at **5.00 pm on August 9, 2020.**

Only members who have registered themselves as a speaker will be allowed to speak or ask questions during the AGM. Speakers are requested to submit their queries at the time of registration, to enable the Company to respond appropriately. The Company reserves the right to restrict the number of speakers asking questions depending on the availability of time.
- (vii) Members seeking any technical assistance or support are requested to contact KFin at toll free number 1-800-3454-001 or send a mail at evoting@kfintech.com.

III. FOR REGISTRATION OF E-MAIL ADDRESS AND TO OBTAIN NOTICE OF 71ST AGM AND THE ANNUAL REPORT FOR FY 19-20

- (i) Member who have registered/not registered their mail address and mobile number including address and bank account details are requested to validate/update their details with their DPs in case the shares are held in electronic form and with the Company's RTA, KFin Technologies Private Limited (KFin) in case the shares are held in physical form.
- (ii) Members who have not registered their mail address and in consequence the Annual Report for FY 19-20 and Notice for 71st AGM including the instructions for e-voting could not be serviced, may temporarily provide their email address and mobile number to KFin by sending an email to einward.ris@kfintech.com.
- (iii) Members can download the said documents available on the website of the Company at www.cholafhl.com and on the webpage of KFin at <https://evoting.karvy.com/public/Downloads.aspx>
- (iv) Alternatively, Shareholders may send an e-mail to einward.ris@kfintech.com along with scanned copy of the signed request letter providing the e-mail address, mobile number, self-attested PAN copy and client master copy, in case of electronic folio and copy of share certificate, in case of physical folio for sending the Annual Report, Notice of 71st AGM and instructions for e-voting instructions in an electronic mode. Shareholders may also access the link https://ris.kfintech.com/email_registration/ and directly register their e-mail address and mobile number for receiving a soft copy of the said documents relating to the AGM.





Cholamandalam Financial Holdings Limited

Annual Report 2019-20

Murugappa Group

Founded in 1900, the INR 381 Billion (₹38,105 Crores) Murugappa Group is one of India's leading business conglomerates. The Group has 28 businesses including nine listed Companies traded in NSE & BSE. Headquartered in Chennai, the major Companies of the Group include Carborundum Universal Ltd., Cholamandalam Financial Holdings Ltd., Cholamandalam Investment and Finance Company Ltd., Cholamandalam MS General Insurance Company Ltd., Coromandel International Ltd., Coromandel Engineering Company Ltd., E.I.D. Parry (India) Ltd., Parry Agro Industries Ltd., Shanthi Gears Ltd., Tube Investments of India Ltd., and Wendt (India) Ltd.

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

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

For more details, visit www.murugappa.com

The Spirit of the Murugappa Group

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

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

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

The light of
RESPECT
that inspires people
around us to perform

The light of
QUALITY
which makes us
dream of excellence

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



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CORPORATE INFORMATION

BOARD OF DIRECTORS

M M Murugappan
 Ashok Kumar Barat
 B Ramaratnam
 Vasudha Sundararaman
 Sridharan Rangarajan
 V Ravichandran

MANAGER & CHIEF FINANCIAL OFFICER

N Ganesh

SECRETARY

E Krithika

AUDITORS

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

REGISTERED OFFICE

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

CORPORATE IDENTIFICATION NUMBER

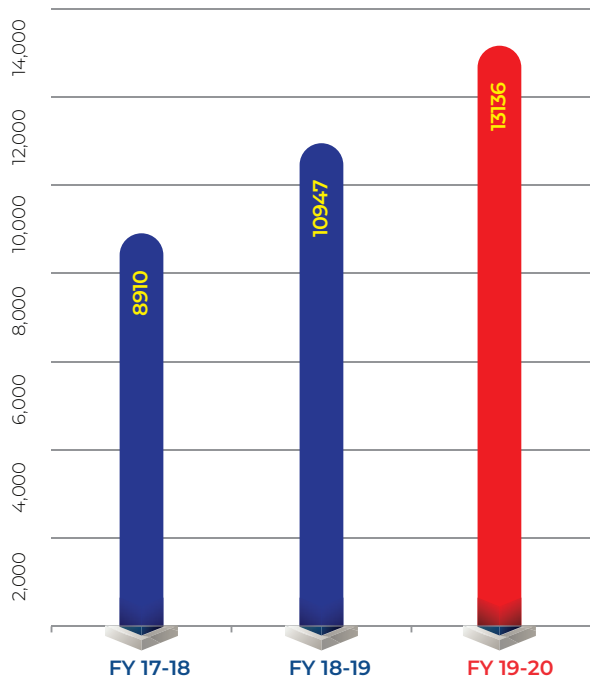
L65100TN1949PLC002905

REGISTRAR & SHARE TRANSFER AGENT

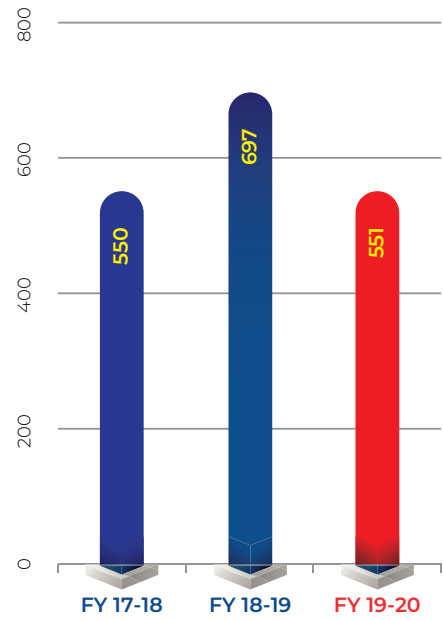
KFin Technologies Private Limited
 Karvy Selenium Tower B, Plot 31-32,
 Financial District, Gachibowli,
 Hyderabad - 500 032, Telangana
 Phone : 040-67161514; Fax: 040-23420814
 Toll free : 1800-345-4001
 E-mail : einward.ris@kfintech.com
 Website : <https://karisma.kfintech.com/>

KEY FINANCIAL HIGHLIGHTS-CONSOLIDATED

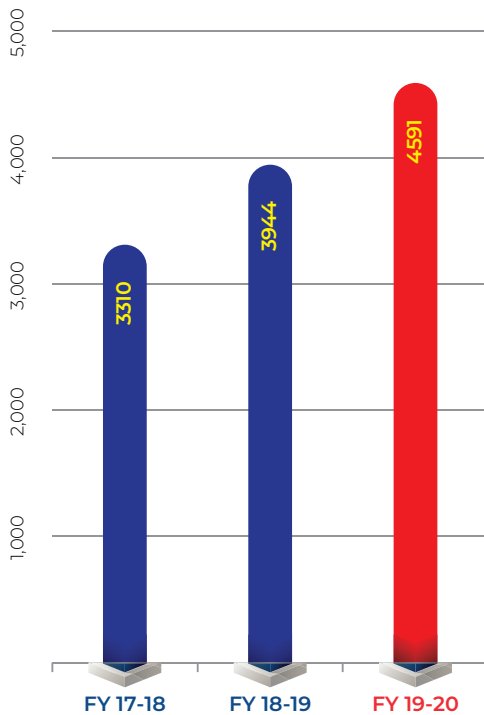
REVENUE (₹ in Crore)



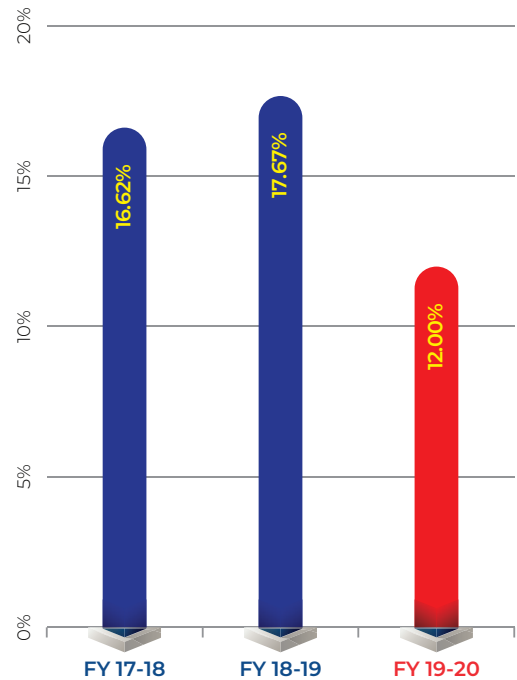
PROFIT AFTER TAX (₹ in Crore)



NETWORTH (₹ in Crore)



RETURN ON EQUITY (in %)





CHAIRMAN'S MESSAGE



Dear Shareholders,

Financial Year 2019-20 (FY 20) has been a challenging year for the domestic economy. India started witnessing economic slow-down in the latter part of FY 19, with three of the four growth engines-private consumption, private investment and exports slowing down significantly, accentuated by liquidity constraints in the financial services sector. This continued into FY 20 and for the first time in several years, India's GDP grew below 6% in all the four quarters of the year and adding to pressures on an already slowing economy, came COVID-19 in March 2020.

Amidst these difficult environment, your Company recorded a consolidated income of ₹13,135 Crore and achieved a profit of ₹1,165 Crore. Earlier your Company had applied to the Reserve Bank of India (RBI) for registration as a Core Investment Company (CIC). It gives me immense pleasure to inform you that Cholamandalam Financial Holdings (CFHL) has now been licensed as a NBFC-CIC-ND-SI (Non-Banking Financial Company – Core Investment Company – Non-Deposit taking – Systematically Important). During the year under review, your Company infused an additional capital of ₹300 Crore to augment capital adequacy requirement of its NBFC segment, Cholamandalam Investment and Finance Company (CIFCL).

I shall now give you a brief insight into the performance of CFHL's major investee companies during the FY 20.

NBFCs and its allied sectors witnessed a tight liquidity situation which, to some extent has been alleviated through measures taken by the RBI by way of announcement of LTRO, moratorium for payment of dues etc. Despite these external factors, CIFCL has displayed commendable tenacity in the face of adversity. CIFCL's profit after tax grew by 17% in FY 20 before considering one time provision for COVID-19 related contingencies. To further strengthen its capital adequacy, the Company raised ₹1,200 Crore capital through a Qualified Institutional Placement for ₹900 Crore and a preferential allotment for ₹300 Crore. The Company also raised funds for the first time through an issue of 'Masala bonds' of ₹400 Crore. CIFCL's liquidity position as at end March 2020 was stable, sufficient enough to meet its near term commitments. On the business front, disbursements in Vehicle Finance division was impacted predominantly due to

significant decline in the automotive sales across all product categories. However, the business to a large extent was able to offset year on year de-growth in traditional segments through higher disbursements in Passenger Vehicles and Two-Wheeler segments. While the affordable Home Loans business continued to increase its disbursements over the previous year, the Home Equity business witnessed a muted growth in line with the industry trends.

General insurance industry reported gross written premium (GWP) of ₹1,604 billion in FY 20, a growth of 9.5% over the previous year. Cholamandalam MS General Insurance (Chola MS) retains its market share of 3.1% after adjustment for crop insurance premium, which the Company did not participate and achieved a GWP of ₹4,824 Crore (under IND-AS) during the year in line with the industry growth trajectory. The Company continued to expand its network with bancassurance partners and OEMs and secured new linkages with leading PSUs during the FY 20. Despite a general slow down in the last quarter of the year, Chola MS continued to make an underwriting surplus in most lines of its businesses except Motor Third Party, Travel and weather insurance. In the context of investment portfolio, Chola MS adopted prudent strategies and deployed funds largely in Government securities and pared down exposures to corporate bonds.

Cholamandalam MS Risk Services, offering risk management solutions, strengthened its Order book during the year by bagging few long term contracts in domestic as well as in overseas. A host of new services such as contractor incubation centre, studies on soil & ground water contamination and remediation plant were introduced during the year. The business also partnered with digital developers to introduce EHS digital products and explore introducing AI integrated studies into the market.

Off late, digital transformation has become part of a successful business strategy rather than just technology. Adapting and adopting to digital is the need of the hour in the present environment. Staying in sync with the current trend, the financial services companies, CIFCL and Chola MS, have implemented various IT and digital initiatives to offer financial solutions in a more accessible way to customers and enhance internal business processes.

Mrs. Shubhalakshmi Panse, Independent Director resigned from the Board in November 2019. The Board is thankful to Mrs. Panse for her contribution as a Board member, a Chairperson of the Audit Committee and a member of the Nomination & Remuneration Committee. On behalf of the Board, I welcome Mrs. Vasudha Sundararaman inducted on the Board as an independent director in February 2020.

While the immediate term may look a little stressed, I am confident that economic activities will pick up from the second half of FY 21 as the nation-wide lockdown is gradually eased. However, a lot will depend on containing the spread of COVID-19 at the earliest. In alignment with the Group's values, CFHL through its investee companies shall continue to deliver quality services with high responsibility to its respected customers with utmost passion and integrity.

I thank all employees of the Company and its subsidiary / associate / JV companies for their sincere efforts and contribution during a rather challenging year. I also take this opportunity to express my gratitude to all the stakeholders, customers, business partners and vendors for their trust, unconditional faith and support reposed on us.

Best Wishes
M M Murugappan

BOARD OF DIRECTORS



Mr. M M Murugappan

(64 years)

DIN: 00170478

*Chairman &
Non-Executive Director*

- ◆ Is the Executive Chairman of Murugappa Corporate Advisory Board;
- ◆ Holds a Bachelor's degree in Chemical Engineering from the AC College of Technology, University of Madras, India and a Master of Science Degree in Chemical Engineering from the University of Michigan, Ann Arbor, Michigan, USA;
- ◆ Has over 41 years of experience in diverse areas including strategy & business development, technology and human resources;
- ◆ Is the Non-Executive Chairman of Cholamandalam Investment and Finance Company Ltd., Cholamandalam MS General Insurance Company Ltd., Coromandel International Ltd., Tube Investments of India Ltd. and Carborundum Universal Ltd.
- ◆ Is a Non-Executive Director on the boards of Mahindra & Mahindra Ltd. and Cyient Ltd.
- ◆ Served on the Board of Governors of IIT Madras, for six years till November 2011 and has enabled many industry academic partnerships. Now serves on the board of the IIT-Madras Research Park and is a mentor to many companies incubated there;
- ◆ Is a trustee of the Group's AMM Foundation, actively involved in the development of various citizenship initiatives, particularly in education, health care, performing arts and sports;
- ◆ Has been a Non-Executive Director of the Company since 11th November, 2017. Prior to that he had served the Board of the Company as a Non-Executive Director from March, 2002 till July, 2017.

- ◆ Graduate in Commerce, a Fellow member of the Institute of Chartered Accountants of India, Institute of Company Secretaries of India and CPA (Australia). Is a certified Mediator empaneled with the Ministry of Corporate Affairs, Government of India;
- ◆ Has long and distinguished executive career in the corporate sector until retirement in 2016 as the Managing Director and Chief Executive Officer of Forbes & Company Limited. Has held leadership positions in various Indian and multinational organizations, both in India and overseas - Hindustan Lever Ltd., RPG Group, Pepsi, Electrolux, Telstra and Heinz;
- ◆ Mentors budding entrepreneurs and advises companies on strategy, performance improvement and governance initiatives;
- ◆ Is a director on the Board's of DCB Bank Ltd., Mahindra Intertrade Ltd., Bata Ltd., Huhtamaki PPL Ltd. and Wacker Metroark Chemicals Private Ltd. (a subsidiary of Wacker Chemie AG). Is the member of Managing Committee of ASSOCHAM and President of The Council of EU Chambers of Commerce in India;
- ◆ Was a past President of the Bombay Chamber of Commerce and Industry;
- ◆ Joined the Company's Board on 1st August, 2018.



Mr. Ashok Kumar Barat

(63 years)

DIN: 00492930

Independent Director



Mr. B Ramaratnam

(65 years)

DIN: 07525213

Independent Director

- ◆ Graduated from the University of Mumbai and is a member of the Institute of Chartered Accountants of India;
- ◆ Has experience in the areas of statutory and internal audit, due diligence, SOX compliance and other professional services;
- ◆ Has worked for PricewaterhouseCoopers, A. F. Ferguson and Deloitte Haskins & Sells where he was a partner till 2015;
- ◆ During his long career, has serviced national and multinational clients from diverse sectors such as manufacturing, trading, software, time-share, real estate, financial services, pharma, engineering, construction, services etc.
- ◆ Is a Board member of Redington (India) Ltd.
- ◆ Joined the Company's Board on 18th March, 2019.



BOARD OF DIRECTORS



Ms. Vasudha Sundararaman

(62 years)
DIN: 06609400
Independent Director

- ◆ Is a B.Sc (Zoology) graduate from Stella Maris College, Chennai, M.Sc (Zoology) from Madras University and a Certified Associate of Indian Institute of Bankers;
- ◆ Joined State Bank of India as a probationary officer in 1981 in Delhi and retired in November 2017 as Chief General Manager;
- ◆ Has lengthy experience in grass-root, retail aspects of banking for close to 20 years as Branch Head, Head of Personal Banking Division, NRI Division and retail processing;
- ◆ Was actively involved in implementation of various projects of the bank aimed at impacting the employees and individual customers of the Bank;
- ◆ Has served as the Managing Director and Chief Executive Officer of a subsidiary company of SBI for more than 4 years;
- ◆ Was appointed as an additional director on the Company's Board on 12th February, 2020.

- ◆ Graduate in Commerce from the Madurai University, a fellow member of the Institute of Chartered Accountants of India, a graduate member of the Institute of Cost and Works Accountants of India and a certified Six Sigma 'Green Belt', trained 'Process Champion' and 'Black Belt';
- ◆ Is the Chief Financial Officer of Murugappa Group;
- ◆ Prior to joining the Group, has worked in Timken India Ltd., Trance Inc., METITO, LG Electronics, IDBI Bank Ltd. and ABB Group;
- ◆ Has over 30 years of experience in finance, manufacturing, service & distribution, banking and contracting industries;
- ◆ Is a director on the Boards of various companies including Cholamandalam MS General Insurance Company Ltd., Cholamandalam Home Finance Ltd., Cholamandalam MS Risk Services Ltd. and Net Access India Ltd.
- ◆ Joined the Company's Board on 30th August, 2018.



Mr. Sridharan Rangarajan

(54 years)
DIN: 01814413
Non-Executive Director



Mr. V Ravichandran

(63 years)
DIN: 00110086
Non-Executive Director

- ◆ Is an Engineering graduate, a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad, a qualified Cost Accountant and a Company Secretary;
- ◆ Has over three decades of experience in the fields of finance and marketing and was the Whole-time / Managing Director of Coromandel International Ltd. from 2004 to 2010;
- ◆ Having served Ashok Leyland early in his career joined Murugappa Group and is the Lead Director of fertilizer and sugar business of the Group;
- ◆ Is the Chairman of E.I.D. - Parry (India) Ltd. and Vice Chairman of Coromandel International Ltd.
- ◆ Is a Board member of Parry Sugars Refinery India Private Ltd.
- ◆ Joined the Company's Board on 18th March, 2019.

PERFORMANCE HIGHLIGHTS FY 20 - SUBSIDIARY / ASSOCIATE

Cholamandalam Investment and Finance Company Limited

Key Performance Indicators

Total Disbursements
₹29091 Crore

Business Assets under Management (net)
₹60549 Crore

Total Income
₹8653 Crore

Profit Before Tax
₹1586 Crore

Loan Losses & Provisions
1.50%

Capital Adequacy Ratio
20.7%

Key Highlights

- ❖ Largest equity raise of ₹1200 Crore through QIP and Preferential Allotment
- ❖ First INR denominated Tier II Masala Bonds of ₹400 Crore
- ❖ Implemented 150 Kaizen projects to improve productivity in processing
- ❖ Highest ever quantum of Securitisation and Direct assignment of assets
- ❖ Implemented Automation & Digital drives
- ❖ More than 14 Lakh customers and 26000 employees
- ❖ 1091 branches across 29 States / Union Territories



VEHICLE FINANCE



HOME EQUITY



HOME LOANS



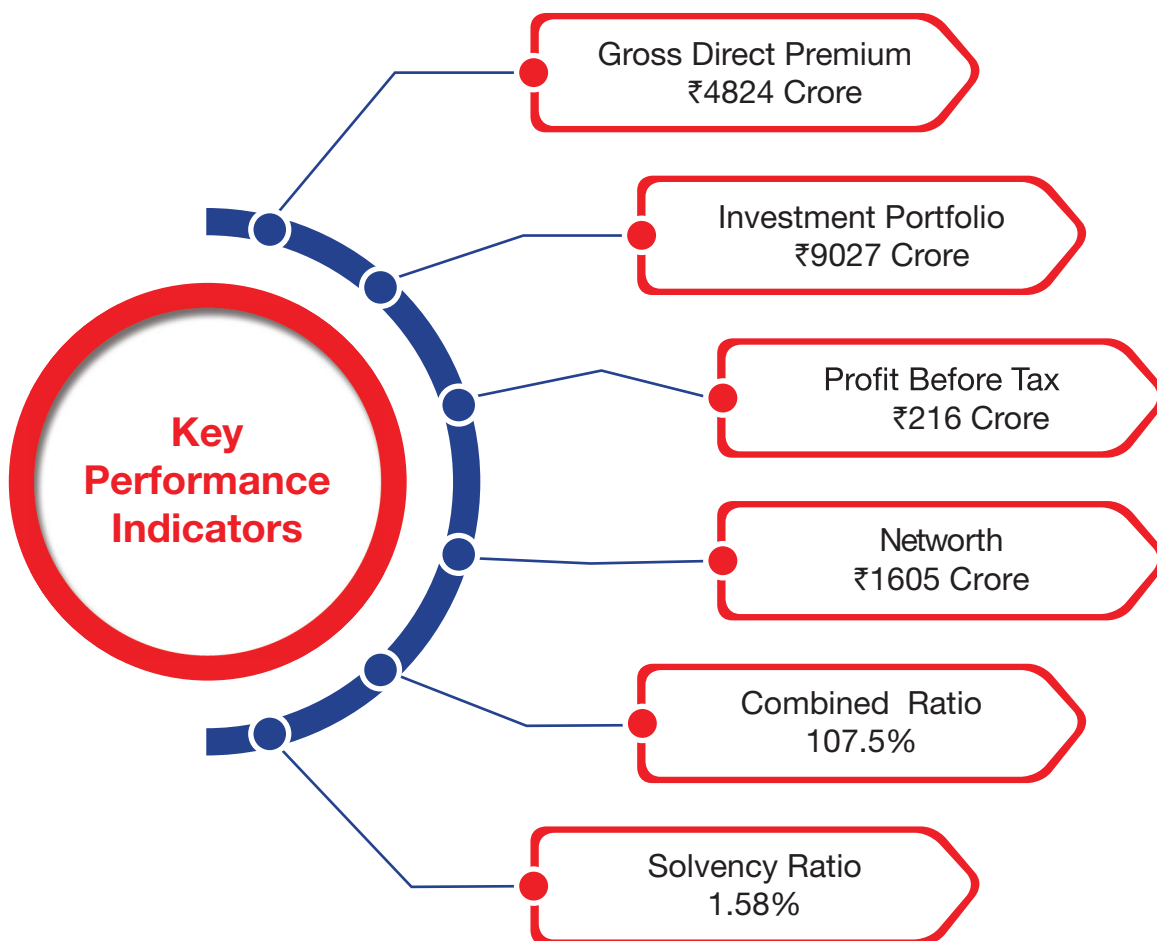
SME LOANS



CHOLA WEALTH
Let's Grow Together



Cholamandalam MS General Insurance Company Limited*



Key Highlights

- ❖ Fire Business from PSU Banks crossed ₹100 Crore mark
- ❖ Services one of the biggest PSU Bank Network of about 37000 branches
- ❖ Enabled Live Video Streaming for customers
- ❖ Sold more than 45 Lakh policies
- ❖ More than 141 Lakh customers



*Figures under Ind-AS

Board's Report & Management Discussion and Analysis

Dear Shareholders,

The Directors take pleasure in presenting the 71st Annual Report together with the audited financial statements of the Company for the year ended March 31, 2020.

COMPANY OVERVIEW

Cholamandalam Financial Holdings Limited ('CFHL') is the holding company for the financial services and risk management businesses of the Murugappa Group. CFHL is registered as a Non-Deposit taking Systemically Important Core Investment Company ('CIC') pursuant to a certificate of registration dated January 6, 2020 issued by the Reserve Bank of India (RBI) under Section 45-IA of the Reserve Bank of India Act, 1934.

SHARE CAPITAL

The Company's paid up equity share capital as on March 31, 2020 was ₹18.77 Crore. During the year 23,796 equity shares were allotted upon exercise of vested stock options by the eligible option grantees under the Company's Employees Stock Option Schemes 2007 and 2016.

MACRO ECONOMIC ENVIRONMENT

Indian economy had shown clear signs of slowing down even before the onset of the pandemic. The country's GDP grew by 4.2% in the FY 19-20 with a moderate growth of 4.8% in the first half year. A weak consumer demand, slow private investment and tight credit conditions in the financial sectors were some of the key factors for the decelerated growth during the year. Reforms undertaken by the government to revamp the financial sector, address the NBFC crisis, reduce the stress in the real estate sector and speed up the resolution under Insolvency and Bankruptcy Code (IBC) had a marginal impact during the second half year. However, GDP growth tapered significantly to 3.1% in the fourth quarter due to the outbreak of coronavirus pandemic and the resultant nationwide lock down.

Globally, the weaker-than-expected performance reflected a marked slowdown amongst some of the developing economies. The slowdown partly reflects global factors such as softened demands, political instability and impacts due to extreme weather events. Few major economies witnessed a dampened growth during the year due to contraction in global trade and manufacturing activities. International trade disputes resulted in uncertainty and strained global trade which

further led to a decline in most commodity prices. Financial market improved towards the end of the fiscal year with the easing of trade tensions. However, the outbreak of COVID-19 in the beginning of the year 2020 has sent shock waves across global equity markets. The pandemic paralyzed activities in most of the countries. Financial sector volatility has exploded to levels last seen during the global financial crisis. With the continuing unprecedented situation, a probability exists that major parts of the global economy could slip into recession.

In India, adverse impact is manifested in most of the businesses due to supply disruptions, fall in consumption demand and stress on the banking and financial sectors. India's GDP growth for FY 20-21 is estimated to reduce significantly as compared to pre-covid projection of around 5%. Several important relief measures and stimulus packages announced by the government is expected to contain the economic impact of COVID-19.

BUSINESS ENVIRONMENT

CFHL earns revenue predominantly by way of dividend income from investments held in subsidiary and other group companies. An overview of the financial service sector in which the company operates along with a business update of these companies during FY 19-20 is summarised in the following paragraphs.

NBFC Industry & Business Update

India's financial sector is a highly diversified one comprising commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The sector is predominantly driven by banking and non-banking financial companies ('NBFCs'). Over the past few years NBFCs have emerged as important financial intermediaries, particularly for the small-scale and retail sectors in underserved areas and unbanked sectors. The sector turned out to be growth engines in an environment where significant importance is assigned to financial inclusion and have aided the economy in employment generation and wealth creation by making credit available to the rural segment. However, in recent times the sector is becoming a weaker segment in Indian financial system.



During FY 19-20 the sector continues to witness liquidity challenges which led to certain NBFCs experience stress in their loan books as evidenced by the growing level of non-performing assets ('NPAs'). The onset of COVID-19 during the fourth quarter, further weakened NBFCs stance in the economy. Asset quality deterioration in NBFCs is expected to be more severe than banks because of its exposure in riskier segments. To support the economy, the RBI eased monetary policy to maintain adequate liquidity in the system, facilitate smooth bank credit flow and moderate financial strain. Revival measures initiated by the regulator include provision of moratorium on EMI repayments, cut on repo rates from 6.25% to 4.40%, relaxation in classification of loan as NPAs and provision of long-term repo operations (LTRO). Prudential requirements for banks have also been eased to free up liquidity for lending.

Cholamandalam Investment and Finance Company Limited (CIFCL), a NBFC incorporated in 1978, is one of the leading, comprehensive financial service provider offering vehicle finance, home loans, home equity loans etc., to a wide range of customers. The NBFC business observed an overall slow-down during the FY 19-20.

The Vehicle Finance (VF) business comprising of diversified portfolio viz., commercial vehicles, passenger vehicles and used vehicles, continues to be the major segment, contributing 73% of its aggregate assets under management (AUM) as at March 31, 2020. The division has more than 80% of branches operating in the rural areas, towns and semi urban areas. CIFCL is one of the largest player in the used vehicle financing business with a disbursement mix of almost 30% in this segment. Severe de-growth in the auto industry across product segments led to a decline of 6% in VF disbursements to ₹23387 Crore (previous year: ₹24983 Crore). With higher disbursements from used, 3-wheeler and 2-wheeler products, the Company was able to offset drop in other segments. Assets under management grew by 9% to ₹44206 Crore (net) (previous year: ₹40606 Crore). The business has a robust collection mechanism and strong credit risk assessment framework in place which will help navigate the present day conditions.

The Home Equity (HE) business continues to focus on a systematic approach to build a healthy portfolio mix, with more than 80% of the portfolio as Self-Occupied Residential Properties (SORP) and an average loan ticket size of less than ₹50 Lakh. AUM for HE business grew by 11% to ₹12960 Crore (previous year: ₹11626 Crore) and disbursements registered a decline of 5% to ₹3662 Crore (previous year: ₹3837 Crore). End to end digital

integration in loan processing has been the focus for business in order to improve overall customer experience and cut down business turnaround time. Online payment modes for collections have been enhanced to offer multiple payment options to customers. During the year, the business expanded its branch network pan India, with focus on Tier II, III and IV cities.

Home Loans (HL) business offers loans for self-construction, purchase of new and resale flats/independent houses, balance transfer from other financiers, top-up loans for existing customers. As at March 31, 2020, the business division had 24,000 live accounts and disbursed ₹1505 Crore during the year (previous year: ₹1157 Crore), registering a growth of 30%. Middle-Income-Group customers continue to be the target group for the HL business. 95% of the portfolio comprises business owners with semi-formal income and significant business vintage buying their first home. Lending for self-construction, remains to be a strong focus with significant proportion of the portfolio and fresh disbursements sourced from this segment.

The Company has fast-tracked implementation of a host of IT and digital initiatives which shall help to serve customers better and faster in a post COVID-19 world.

Business outlook of CIFCL for FY 20-21 remains uncertain with the COVID-19 situation evolving each day. Vehicle finance segment will continue to be the mainstay for CIFCL. While the home equity portfolio has also been a significant contributor to the company's growth, the home loan business has a great potential to be built into a solid portfolio considering the expertise of the company in handling typical customer profiles.

General Insurance Industry & Business Update

In India, insurance industry is gaining momentum in securing life, health and property of individuals by acting as a risk management tool. Government's policy of insuring the uninsured has gradually pushed insurance penetration in the country and proliferation of insurance schemes. The general insurance industry grew by 9.5% in FY 19-20 and achieved a Gross Written Premium (GWP) of ₹1642 billion with about 55% market share of private players vis-à-vis PSU players. During the year, the general insurance industry underwent a turbulent phase with several far-reaching developments many of which were positive and impactful with a clutch of factors causing severe transitory problems and impact on profitability. Positive developments during FY 19-20 include, amendment proposed to Motor Vehicles Act, mandatory minimum pricing for property line of business,

continued strong growth of specialized health players etc. Decline in sale of new vehicles, pricing discounts offered in Motor Own Damage (OD) insurance resulting in sharp rise in Motor OD claims, heavy losses from crop insurance segment and mandatory investment norms on stressed housing & infrastructure sectors were some of the limitation factors for industry's growth.

Cholamandalam MS General Insurance Company Limited (MSGICL), the insurance business division of CFHL, is registered with Insurance Regulatory and Development Authority of India (IRDA) to carry on general insurance business. MSGICL offers a wide range of insurance including motor, travel, health, accident, home and other types of insurance for corporate customers. In a highly competitive business environment, MSGICL ranks 8th position among private insurers with a market share of 3.1% (excluding crop insurance).

MSGICL recorded a gross written premium of ₹4824 Crore (previous year: ₹4552 Crore) for the year ended March 31, 2020. Growth in business operations continues to be driven by strong performance in retail channels with Motor & Health insurance segments being significant contributors of the premiums with a good mix across metros & non metros. In Motor insurance business, besides stepping up its presence significantly in the two-wheeler segment, the Company expanded its participation in the OEM programs of motor vehicles. The premium pricing in Motor OD insurance witnessed severe pressure throughout the year with discounts across vehicle categories rising to new highs. The decision of the regulator to defer the price increase in motor third party premium could further aggravate the situation. The Health, Accident and Travel lines of business (other than employer-employee group health) grew by 9.5% during the year. Muted disbursements in motor NBFCs / HFCs, impacted the benefit of product bundling in health and accident products leading to lower growth. Loss ratios across this line of business continues to be good with the Company continuing to adopt prudent underwriting practices while focusing on new segments of growth. Revenue from property lines of business scaled up (both banca and commercial channels) contributing about 8% of the total GWP. Higher proportion of business from preferred category risks, geographical spread of risks, granular risks have ensured improvement in the claims ratios of these lines.

MSGICL strengthened its bancassurance business through renewal of its tie-up with a PSU bank for a further period of 3 years. Expansion of its network with channel partners including PSU Banks, NBFCs,

Co-operative banks and addition of OEMs and digital partners is expected to provide a strong momentum in the coming years. Pricing discounts in Motor OD business due to a slump in automobile industry, continued weakness in credit markets, leading to downgrades and defaults in the financial sector, natural catastrophes and prolonged monsoons impacted business growth during the year. Business during the year experienced favourable reinsurance treaties resulting in the willingness of global reinsurers to enhance their capacity and support. As at March 31, 2020 the investment portfolio was ₹9027 Crore (previous year: ₹7697 Crore). The Company continues to emphasise on safety and liquidity of investments and together with monetised gains, grew the investment income to ₹770 Crore (previous year: ₹566 Crore) with a gross yield of 9.05% (previous year: 7.92%). The average investment portfolio duration was at 4.25 years.

During the year, the Company focussed on new digital enablers across all operating functions and processes through a number of initiatives. These initiatives have enabled the Company to serve its customers faster and better bringing in efficiencies and more importantly strengthening the ability to scale volumes.

Growth in general insurance industry is driven by economic activities and GDP growth. Motor insurance and property line of business are likely to be impacted with its dependence on automotive and industrial sectors. Business has drawn counter measures to reduce the COVID-19 impact which include enhanced focus on renewals, higher volumes in health line of business, launch of COVID-19 specific products and harnessing the state-owned banks bancassurance relationships. The Company will monitor the environment carefully to recalibrate its growth plans for the ensuing years.

Risk Management Solutions – Business Update

Cholamandalam MS Risk Services Limited (CMSRSL), is engaged in providing risk management and engineering solutions in the field of safety, health and environment, in association with MSGICL. CMSRSL strengthened its order book during the year by bagging few long term contracts in domestic as well as in overseas. The Company continued to partner with organizations in implementation of their CSR projects in the areas of Health, Safety & Environment (HSE) programs, and Road Safety programs. The business also partnered with digital developers to introduce HSE digital products and explore introduction of AI integrated studies into the market. The joint venture partner, Mitsui Sumitomo Insurance Company Ltd., Japan, continues to support



the Company by introducing Japanese companies entering the Indian market for risk management services. As on March 31, 2020, CMSRSL had an order book of ₹68 Crore for execution in the coming financial year.

STANDALONE FINANCIAL RESULTS (₹ in Crore)

| Particulars | 2019-20 | 2018-19 |
|-----------------------------------|--------------|--------------|
| Total Income | 90.90 | 73.52 |
| Total Expenses | 3.97 | 2.61 |
| Profit Before Tax | 86.93 | 70.91 |
| Tax Expense | 3.60 | 4.38 |
| Profit for the year | 83.33 | 66.53 |
| Other Comprehensive Income | (0.61) | (0.68) |
| Total Comprehensive Income | 82.72 | 65.85 |

APPROPRIATIONS

During the year the Company has transferred ₹16.67 Crore to statutory reserve (previous year: ₹13.31 Crore) as required under RBI regulations.

FINANCIAL REVIEW - SUBSIDIARY / ASSOCIATE / JV COMPANIES

CFHL earned an income of ₹90.90 Crore (previous year: ₹73.52 Crore) and profit before tax was ₹86.93 Crore (previous year: ₹70.91 Crore) for the year ended March 31, 2020. An additional capital of ₹300 Crore was infused in the preferential allotment of shares of CIFCL besides market purchase of CIFCL's shares aggregating to ₹24.26 Crore. As at March 31, 2020, aggregate investments stood at ₹1278.35 Crore (previous year: ₹954.78 Crore). During the year, the Company obtained a term loan of ₹200 Crore to meet its funding requirements. Financial review of CFHL's subsidiary / associate and JV companies during the year is furnished below.

Cholamandalam Investment & Finance Company Limited (CIFCL)

CFHL holds 45.50% in the paid-up equity share capital of CIFCL as on March 31, 2020. Securities of CIFCL are listed and traded on the National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE). CIFCL is treated as a subsidiary under Ind-AS. Rationale in this regard is provided under Note 23 of standalone financial statements.

During the year, the existing equity shares of CIFCL of ₹10/- each fully paid up were subdivided into five equity shares of face value of ₹2/- each fully paid up. The Company raised ₹1200 Crore by way of equity infusion

through qualified institutional placement (₹900 Crore) and preferential allotment (₹300 Crore) during the year to strengthen its capital adequacy requirement. CIFCL further raised funds through an issue of 'Masala bonds' of ₹400 Crore to augment its Tier II capital requirements.

Assets under Management grew by 12% to ₹60549 Crore (net) as at March 31, 2020 (previous year: ₹54279 Crore). Loan disbursements aggregated to ₹29091 Crore (previous year: ₹30451 Crore) registering a decline of 4% during the year. Profit after tax was ₹1052 Crore after a one-time provision of ₹504 Crore to cover contingencies due to COVID-19 and macro-economic factors. On a comparable basis, profit after tax for the year ended March 31, 2020 was ₹1387 Crore before the one-time provision as against ₹1186 Crore the previous year, registering a growth of 17%. Pursuant to RBI guidelines the Company offered moratorium to its customers for EMI repayments. CIFCL's liquidity position was strongly placed as at March 31, 2020 to meet its near term commitments. The Company did not avail moratorium on its borrowing obligations. As at end of the year, capital adequacy improved to 20.7% as against the statutory requirement of 15%.

CIFCL paid interim dividend in two tranches aggregating to ₹1.70 per equity share of face value of ₹2/- each. The first interim dividend at the rate of 50% (₹1/- per equity share) was approved in December 2019 and the second interim dividend at the rate of 35% (₹0.70 per share) was approved in February 2020. The Board of CIFCL has not recommended any final dividend for the year ended March 31, 2020.

CIFCL's subsidiary companies are Cholamandalam Securities Limited (CSEC) and Cholamandalam Home Finance Limited (CHFL). CSEC is engaged in stock broking and investment advisory services. The Broking business grew by 9% while wealth business dropped by 32% due to cap on upfront income and insurance distribution business scaled up significantly during FY 19-20. CSEC achieved a gross income of ₹23.58 Crore for the year ended March 31, 2020 and Profit Before Tax of ₹3.26 Crore as against ₹2.68 Crore in the previous year.

CHFL recorded a gross income of ₹38.61 Crore for the year ended March 31, 2020 and made a loss before tax of ₹0.77 Crore as against a loss of ₹11.0 Crore in the previous year. The Company had filed an application with the regulator seeking registration as a Housing Finance Company and the registration is awaited. Currently, the

Company continues its focus on growing insurance corporate agency business.

Cholamandalam MS General Insurance Company Limited (CMSGICL)

The Company holds 60% in the paid-up equity share capital of CMSGICL - a joint venture with Mitsui Sumitomo Insurance Company Ltd., Japan and is a material subsidiary of CFHL.

IRDAI has deferred the implementation of Ind-AS for insurance companies. Therefore, financials of CMSGICL have been restated as per Ind-AS for consolidation purposes and the figures reported for CMSGICL in the annual report are under Ind-AS.

CMSGICL achieved a gross written premium of ₹4824 Crore during the FY 19-20 (previous year: ₹4552 Crore), and the profit before tax was ₹216 Crore (previous year: ₹280 Crore). While Claims ratios were under control despite adverse environment of cyclones, higher discounts in motor own damage etc, business sourcing costs were higher impacting the underwriting results to remain flat at a negative of ₹218 Crore. Aided by over ₹5 billion of long term premium, investment income levels rose to ₹770 Crore from ₹566 Crore despite interest rates dropping during the year. ₹170 Crore was the gain on sale of debt investments for the year which largely helped in meeting the provisioning / write off of stressed debt assets.

With a view to conserve its resources, the Board of CMSGICL has not recommended dividend for FY 19-20.

Cholamandalam MS Risk Services Limited (CMSRSL)

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

CMSRSL achieved a revenue of ₹46.28 Crore (previous year: ₹40.82 Crore) and profit before tax of ₹5.62 Crore (previous year: ₹4.88 Crore) for the year ended March 31, 2020. CMSRSL recommended a dividend of ₹1.25 per share on its equity share of face value of ₹10/- each for the FY 19-20.

Cholamandalam Health Insurance Limited (Chola Health)

Chola Health was incorporated in July 2017 to offer health insurance services and the Company has invested 99.9% in its paid up capital. Chola Health is yet to commence its business operations.

DIVIDEND

The Company paid an interim dividend on the equity shares at the rate of 65% i.e., ₹0.65 per equity share of face value of ₹1/- each as approved by the Board of Directors on February 26, 2020 for the year ended March 31, 2020. The Board has recommended to confirm the interim dividend as the final dividend for FY 19-20.

CONSOLIDATED FINANCIAL RESULTS

| Particulars | ₹ in Crore) | |
|---|----------------|----------------|
| | 2019-20 | 2018-19 |
| Total Income | 13135.73 | 10946.81 |
| Total Expenses | 11330.11 | 8812.02 |
| Profit Before Share of Profits from Associate / Joint Venture and Tax | 1805.62 | 2134.79 |
| Share of Profit from Associate /Joint Venture (Net of Taxes) | 1.27 | 1.11 |
| Profit Before Tax | 1806.89 | 2135.90 |
| Tax Expense | (641.84) | (721.07) |
| Profit for the year | 1165.05 | 1414.83 |
| Minority Interest | (614.20) | (718.13) |
| Net Profit for the year attributable to owners of the company | 550.85 | 696.70 |

BUSINESS REVIEW – SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

CFHL's subsidiary companies are Cholamandalam MS General Insurance Company Limited and Cholamandalam Health Insurance Limited. Under Ind-As, Cholamandalam Investment and Finance Company Limited is treated as a subsidiary company and Cholamandalam MS Risk Services Limited is a joint venture company of CFHL. There has been no change in the nature of business of these companies during the year. Business performance of these companies are detailed in earlier paragraphs of this report.

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

The annual report containing standalone and consolidated financial statements will be posted on the



Company's website, www.cholafhl.com. The annual accounts of the subsidiary companies will also posted on the Company's website and be made available for inspection by shareholders until the date of the Annual General Meeting ("AGM") through electronic mode.

COVID-19 – BUSINESS UPDATE / OUTLOOK

Spread of the COVID-19 pandemic impacted the regular operations of the Company and its subsidiary / associate / JV companies. In response to the nation-wide lock down announced by the Government, the Companies activated business continuity plan addressing financial planning, business strategy realignment, employee productivity re-focus, IT enablement and renewed customer engagement. To ensure safety of employees and in adherence to the Government norms various measures including the facility to work from home have been implemented. Since the pandemic and the lockdown imposed affected the tail end of the financial year, there is no impact on the standalone financial performance during FY 19-20. A note in this regard is included in the Standalone and Consolidated Audited Financial Statements for the year under review vide Note 1.4 and Note 4.1 respectively. Given the inherent uncertainty regarding the severity and duration of the pandemic, the Company will continue to monitor for any material changes to future economic conditions.

DIRECTORS

At the 70th AGM held on August 1, 2019 the appointment of Mr. Ashok Kumar Barat and Mr. B Ramaratnam as Independent Directors of the Company for a term of five years commencing August 1, 2018 and March 18, 2019 respectively, was approved. Further, Mr. Sridharan Rangarajan and Mr. V Ravichandran were appointed as directors liable to retire by rotation at the 70th AGM.

Ms. Shubhalakshmi Panse (DIN: 02599310), Independent Director, resigned from the Board on November 20, 2019. The Board places on record its appreciation for the contribution rendered by Ms. Panse during her tenure as an Independent Director and as a member of Board Committees.

Based on the recommendation of the Nomination & Remuneration Committee of the Board, Ms. Vasudha Sundararaman (DIN: 06609400) has been appointed as an additional director in the capacity of an Independent Director with effect from February 12, 2020 and holds office till the date of the ensuing 71st AGM. The Company has received a notice from a shareholder proposing the appointment of Ms. Vasudha as a director of the Company. The Board recommends her appointment as

a director of the Company and the resolution proposing her appointment forms part of the Notice for the 71st AGM of the Company.

As per the provisions of section 152 of the Act, Mr. Sridharan Rangarajan retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. The Board recommends the re-appointment of Mr. Sridharan Rangarajan as a director liable to retire by rotation and the resolution in this regard forms part of the notice for the 71st AGM of the Company.

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

DECLARATION FROM INDEPENDENT DIRECTORS

The Independent Directors ("IDs"), Mr. Ashok Kumar Barat, Mr. B Ramaratnam and Ms. Vasudha Sundararaman have submitted declaration stating that they meet the criteria of independence as required under the provisions of section 149 of the Act and regulation 16 of the Listing Regulations. In the opinion of the Board, all the IDs possess integrity, expertise and relevant experience in their respective fields including the proficiency required to effectively discharge their roles and responsibilities in directing and guiding the affairs of the Company. All the IDs are registered in the independent directors' data bank maintained by the Indian Institute of Corporate Affairs as required under the Companies Act, 2013 and the Rules referred therein. The IDs are in the process of completion of the online proficiency self-assessment test as per the timeline notified by the Ministry of Corporate Affairs ("MCA").

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of section 203 of the Companies Act, 2013, Mr. N Ganesh, Manager & Chief Financial Officer and Ms. E Krithika, Company Secretary are the key managerial personnel of the Company and there were no changes during the year.

Mr. Ganesh was appointed as the Manager of the Company with effect from August 9, 2017 for a period of three years. His tenure as Manager expires on August 8, 2020. Subject to the approval of shareholders, the Board at its meeting held on June 15, 2020 re-appointed Mr. N Ganesh as the Manager for a further period of three years with effect from June 15, 2020. Appropriate resolution seeking shareholders' approval is provided in the Notice for the 71st AGM of the Company.

STATUTORY AUDITORS

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company at the 66th AGM held on August 10, 2015, for a period of five years and will complete their present term on conclusion of the ensuing 71st AGM of the Company. The Board pursuant to the recommendation of the Audit Committee, recommends the re-appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, as the Auditors of the Company for a second term of five years from the conclusion of the 71st AGM until the conclusion of the 76th AGM.

Appropriate resolution seeking shareholders' approval for the re-appointment of M/s. S.R. Batliboi & Associates LLP as the Auditors and authorisation to the Board to fix the remuneration payable to them, is provided in the Notice for the 71st AGM of the Company.

FINANCE

Deposits

The Company has not accepted any fixed deposits under Chapter V of the Companies Act, 2013 and as such no amount of principal and interest were outstanding as on March 31, 2020.

Particulars of Loans, Guarantees or Investments

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

Internal Financial Control Systems with reference to the Financial Statements

The Company has in place adequate internal financial controls to ensure reliability of financial and operational information and regulatory and statutory compliances. The Company's business processes are equipped with monitoring and reporting processes to ensure financial discipline and accountability. The internal financial control systems are monitored both by internal and statutory auditors of the Company. The statutory auditors of the company have also certified on the existence and operating effectiveness of the internal financial controls as on March 31, 2020.

Financial Ratios

In terms of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Company is required to disclose details of significant key financial ratios along with the detailed explanations therefor. The Company being an investment company and not having any trade receivables, debtors turnover ratio, inventory turnover ratio, interest coverage ratio, current ratio, operating margin ratio and net profit margin ratio are not applicable. The leverage ratio computed in accordance with RBI regulations is 0.03 as against the regulatory maximum of 2.5. Capital adequacy ratio of the Company as on March 31, 2020 was 478.51% as against the minimum RBI requirement of 30%. Return on net worth of the Company was 7.45% as at March 31, 2020 as against 6.25% as at March 31, 2019. Change in the rate was on account of higher receipt of dividend income during the year.

RISK MANAGEMENT

Managing risk is fundamental to any business, in general and in particular, to financial services industry. The Company has an established risk management framework which provides an integrated approach for identifying, monitoring and mitigating risks associated with its business and that of its subsidiaries / associates. Risks arising out of NBFC, insurance and risk management businesses of the investee companies are the dominant risks of the Company. The investee companies have their own risk management framework in line with its strategic business operations as appropriate to the industry in which they operate. Various risk exposures of CFHL include financial risks, governance risks, market risks, reputation risks and compliance risks. The Risk Management Committee (RMC) assists the Board to oversee various risks including review and analysis of risk exposures related to the Company and its subsidiary / associate companies. RMC is supported by the Asset Liability Committee (ALCO) constituted pursuant to the RBI guidelines. The ALCO monitors asset liability mismatches besides management of liquidity risks. A Risk Management Policy has been framed by the Board of Directors. The Company has also put in place a risk control matrix. The control measures basis the matrices, are tested by the internal auditor and reported to the Audit Committee. The Board reviews the risk framework on an annual basis.



INTERNAL CONTROL SYSTEM

Internal control systems of an organisation is looked at as the key to its effective functioning. The Company has in place internal control framework to ensure compliance with internal policies, regulatory matters and to safeguard reliability of financial reporting and its disclosures. An audit of systems and processes is conducted by the internal auditor of the Company and the key findings are reported to the Audit Committee every quarter.

The Audit Committee evaluates adequacy and effectiveness of the internal controls, recommends improvements and reviews the corrective action taken to address gaps, if any.

CORPORATE GOVERNANCE

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

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

BOARD MEETINGS

Seven meetings of the Board were held during the year. Details of the Board meetings are disclosed in the Report on Corporate Governance.

COMPOSITION OF THE AUDIT COMMITTEE

The Board has constituted an Audit Committee in terms of the applicable provisions of the Act and the Listing Regulations. Details of terms of reference, composition and meetings of the committee are disclosed in the Report on Corporate Governance.

BOARD EVALUATION

Pursuant to the provisions of section 134 of the Act and regulation 17 of the Listing Regulations, the Board has carried out an annual evaluation of its own performance, individual directors and its committees for FY 19-20. The manner in which evaluation has been carried out is provided in the Report on Corporate Governance.

POLICY ON BOARD NOMINATION AND REMUNERATION

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

With the enactment of CSR provisions in the Companies Act, 2013, the Company has framed a CSR policy and the policy is available on the Company's website at, <http://www.cholafhl.com/article/investors/467>.

Pursuant to the provisions of section 135 of the Companies Act, 2013, atleast 2% of the average net profits of the Company shall be spent towards CSR activities. Accordingly, the Company has spent an amount of ₹11 Lakh on CSR projects / programmes approved by the CSR Committee during the year ended March 31, 2020 as against the statutory requirement of ₹6 Lakh. Detailed information on the CSR activities undertaken during the year is annexed to this Report as **Annexure C**.

RELATED PARTY TRANSACTIONS

All transactions that were entered into with related parties during the financial year were in the ordinary course of business and on an arm's length basis. There were no materially significant related party transactions during the year which may have a potential conflict with the interest of the Company at large. Necessary disclosures as required under the Indian Accounting Standard (IND AS) have been made in the notes to the financial statements. The Company has framed a policy on related party transactions. None of the Directors had any pecuniary relationships or transactions vis-à-vis the Company.

HUMAN RESOURCES AND PARTICULARS OF EMPLOYEES

As on March 31, 2020, CFHL had two employees. The investee companies of CFHL continue to emphasise on resourcing and talent planning strategies based on their functional and general management requirements in preparing the organisation for the future. The information required to be disclosed under the provisions of section 197 of the Act read with rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report as **Annexure D**.

EMPLOYEE STOCK OPTION (ESOP) SCHEMES

The Company's ESOP Schemes viz., Employee Stock Option Plan 2007 (ESOP 2007) and Employee Stock Option Plan 2016 (ESOP 2016) have been approved by the shareholders. During the year there have been no

fresh grants under both the schemes. Details in respect of ESOP 2007 and ESOP 2016 as required under the SEBI (Share Based Employee Benefits) Regulations, 2014 are displayed on the Company's website at <http://www.cholafhl.com/article/investors/554>. Both the schemes are in compliance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and SEBI (Share Based Employee Benefits) Regulations, 2014 respectively.

Vide the scheme of arrangement (demerger), employees of the Company were transferred to the resulting company, Tube Investments of India Ltd. The stock options granted by the Company prior to the effective date of demerger, i.e. August 1, 2017, continue to be held by the option grantees who are employees of the resulting company. During the year, upon exercise of stock options by the eligible option grantees, 7026 and 16770 equity shares were allotted under ESOP 2007 and ESOP 2016 schemes, respectively.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has no activity relating to consumption of energy or technology absorption etc. The Company does not have any foreign exchange earnings. There was a foreign exchange outgo, by way of repatriation of dividend, amounting to ₹0.007 Crore during the year (previous year ₹0.008 Crore).

WHISTLEBLOWER / VIGIL MECHANISM

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

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has a policy for prevention of sexual harassment at workplace. An Internal Complaints

Committee (ICC) is in place to redress complaints received regarding sexual harassment. The policy extends to all employees (permanent, contractual, temporary and trainees). During the year no referrals were received under the policy and no complaints were pending at the beginning of the year.

SECRETARIAL AUDIT

Pursuant to the provisions of section 204 of the Companies Act, 2013, and the rules made thereunder, the Board appointed M/s Srinidhi Sridharan & Associates, Practising Company Secretaries, as the secretarial auditor to conduct secretarial audit of the Company for the year ended March 31, 2020. The Report issued by the secretarial auditor in the prescribed form MR-3 is annexed to this Report as **Annexure E**.

The said secretarial audit report does not contain any qualification or adverse remarks.

ANNUAL RETURN

The extract of annual return as required under section 92(3) of the Companies Act, 2013, in the prescribed form MGT-9 is annexed to this Report as **Annexure F**. Copy of the return is available on the Company's website, www.cholafhl.com.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY AFTER MARCH 31, 2020

There are no material changes and commitments, affecting the financial position of the Company which have occurred between March 31, 2020 and the date of this report.

BUSINESS RESPONSIBILITY REPORT

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



In terms of regulation 34(2) of the Listing Regulations the annual report shall include a Business Responsibility Report (BRR) in the prescribed form. Accordingly, a BRR is annexed to this Report as **Annexure G**.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors confirm that the Company has in place a framework of internal financial control and compliance system, which is monitored and reviewed by the Audit Committee and the Board, besides the statutory, internal and secretarial auditors. Further, pursuant to section 134(5) of the Companies Act, 2013, the Board of Directors confirm that:

- a) in the preparation of the annual financial statements for the year ended March 31, 2020, the applicable accounting standards have been followed and that there were no material departures therefrom;
- b) they have, in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual financial statements on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the year ended March 31, 2020; and
- f) proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended March 31, 2020.

DECLARATIONS / AFFIRMATIONS

- There were no significant material orders passed by the regulators or courts or tribunals impacting the Company's going concern status and its operations in future.
- The Company complies with all applicable laws, rules, circulars and regulations, including the Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 ('Directions'), as amended from time to time, and does not carry on any activities other than those specifically permitted by the RBI for CICs.
- RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or the correctness of any of the statements or representations made or opinions expressed by the Company and for discharge of any liability by the Company.

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

ACKNOWLEDGEMENT

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

On behalf of the Board

Place : Chennai
Date : June 15, 2020

M M Murugappan
Chairman

Form AOC – 1

ANNEXURE A

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

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

Part A - Subsidiaries

(₹ in Crore)

| SN. | Particulars / Name of the Subsidiary | Cholamandalam Investment and Finance Company Ltd. (CIFCL) | Cholamandalam Securities Ltd. | Cholamandalam Home Finance Ltd. | Cholamandalam MS General Insurance Company Ltd. | Cholamandalam Health Insurance Ltd. |
|-----|--|---|-------------------------------|---------------------------------|---|-------------------------------------|
| | | Subsidiaries of CIFCL | | | | |
| 1 | Reporting period of the subsidiary | 31-Mar-20 | 31-Mar-20 | 31-Mar-20 | 31-Mar-20 | 31-Mar-20 |
| 2 | Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| 3 | Share capital | 163.98 | 22.50 | 42.40 | 298.80 | 0.05 |
| 4 | Reserves & Surplus | 8,007.86 | 5.21 | 5.79 | 1,306.61 | (0.04) |
| 5 | Total Assets (Non-Current and Current Assets) | 63,993.04 | 58.25 | 54.65 | 11,888.60 | 0.01 |
| 6 | Total Liabilities (Non-Current and Current Liabilities) | 55,821.20 | 30.54 | 6.46 | 10,283.19 | - |
| 7 | Investments (Non-Current + Current Investments) | 72.92 | 1.93 | 5.97 | 9,027.16 | - |
| 8 | Turnover | 8,652.89 | 23.59 | 38.61 | 4,484.71 | - |
| 9 | Profit / (Loss) Before Tax | 1,585.73 | 3.27 | (0.77) | 216.44 | (0.01) |
| 10 | Provision / (Reversal) for Tax | 533.36 | 1.01 | 0.07 | 91.46 | - |
| 11 | Profit / (Loss) After Tax | 1,052.37 | 2.26 | (0.70) | 124.98 | (0.01) |
| 12 | Proposed Dividend | Nil | Nil | Nil | Nil | Nil |
| 13 | % of shareholding | 45.50% | 100.00% | 100.00% | 60.00% | 99.86% |

Note:

- Names of subsidiaries which are yet to commence operations - Cholamandalam Health Insurance Limited
- Names of subsidiaries which have been liquidated or sold during the year - Nil

Part B - Associates and Joint Ventures

| SN. | Particulars / Name of the Joint Venture | White Data Systems Private Limited (Associate of CIFCL) | Cholamandalam MS Risk Services Limited (Joint Venture Company) |
|-----|---|---|--|
| 1 | Latest Audited Balance Sheet Date | 31-Mar-2019 | 31-Mar-20 |
| | | The below data is furnished based on unaudited financial statements as of 31-Mar-2020 | |
| 2 | Share of Associate / Joint Venture held by the company on the year end | | |
| | No. of Shares | 1275917 | 989979 |
| | Amount of Investment (₹ in Cr.) | 8.00 | 0.99 |
| | Extent of Holding (%) | 30.87% | 49.50% |
| 3 | Description of how there is significant influence | By way of shareholding | By way of shareholding |
| 4 | Reason why the Associate / Joint venture is not consolidated | Not applicable | Not applicable |
| 5 | Net worth attributable to shareholding as per latest audited Balance Sheet (₹ in Cr.) | 11.46 | 12.06 |
| 6 | Profit / (Loss) for the year (₹ in Cr.) | (1.35) | 4.00 |
| | i. Considered in Consolidation | (0.42) | 1.98 |
| | ii. Not Considered in Consolidation | (0.93) | 2.02 |

Note:

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

For and behalf of the Board

Sridharan Rangarajan
Director

M M Murugappan
Chairman

Place : Chennai
Date : June 15, 2020

E Krithika
Company Secretary

N Ganesh
Manager & Chief Financial Officer



Report on Corporate Governance

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

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

BOARD OF DIRECTORS

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

Composition & Changes during the year

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

The Company's Board comprises of six directors viz., three independent and three non-independent directors. Mr. M M Murugappan, Promoter & Non-Executive Director is the Chairman of the Board. There is no relationship between the directors inter-se. None of the Directors on the Board hold directorships in more than ten public companies. Brief profile of the directors is provided in the annual report for information of the shareholders.

ANNEXURE B

Ms. Shubhalakshmi Panse, Independent Director, resigned from the Board on November 20 2019. The disclosure relating to her resignation is available at <http://www.cholafhl.com/docs/reasonforresg-Nov-21-2019.pdf>. The Company has received a confirmation from Ms. Panse that there are no other material reasons for her resignation.

The Board pursuant to the recommendation of Nomination & Remuneration Committee appointed Ms. Vasudha Sundararaman as an additional director in the capacity of an independent director with effect from February 12, 2020.

The composition of the Board is in compliance with the Companies Act, 2013 ('the Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'). None of the Directors are related to each other.

Independent Directors

The Independent Directors, Mr. Ashok Kumar Barat, Mr. B Ramaratnam and Ms. Vasudha Sundararaman have submitted declaration confirming that they meet the criteria of independence as prescribed under the Act and the Listing Regulations. The Board confirms that in its opinion the independent directors fulfil the conditions specified under the Act and the Listing Regulations and are independent of the management. None of the independent directors serve as an independent director in more than seven listed entities.

The Ministry of Corporate Affairs, considering the outbreak of COVID-19, granted relaxation for holding separate meeting of independent directors for the FY 19-20. However, in compliance with the requirements under the Act and the Listing Regulations, a separate meeting of independent directors was held on June 15, 2020 (earlier meeting scheduled on March 25, 2020, was deferred due to situation on account of COVID-19) without the attendance of non-independent directors and members of the management. At the said meeting, the independent directors reviewed the performance of the Chairman, non-independent directors and the Board as a whole during FY 19-20 and assessed the quality, quantity and timeliness of flow of information between the management and the Board.

Directorships and Committee memberships

Number of directorships and memberships / chairmanships of committees held by the directors and their shareholding in the Company as on March 31, 2020 are given in the table below:

| SN. | Name of the Director | Category | No. of directorships* including CFHL (Out of which as Chairman) | No. of committee memberships including CFHL [§] (Out of which as Chairman) | No. of shares held in CFHL |
|-----|--------------------------|------------------------------------|---|---|-----------------------------------|
| 1 | Mr. M M Murugappan | Chairman / Promoter Director / NED | 14(6) | 6(4) | 842405 equity shares of ₹1/- each |
| 2 | Mr. Ashok Kumar Barat | NED / ID | 9 | 7(4) | Nil |
| 3 | Mr. B Ramaratnam | NED / ID | 2 | 4(3) | Nil |
| 4 | Ms. Vasudha Sundararaman | NED / ID | 1 | 1 | Nil |
| 5 | Mr. Sridharan Rangarajan | NED | 6 | 4 | Nil |
| 6 | Mr. V Ravichandran | NED | 6(1) | 2(1) | 4951 equity shares of ₹1/- each |

NED : Non-Executive Director, ID : Independent Director

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

§ includes only memberships in Audit Committee and Stakeholders Relationship Committee

Details of directorships held by the Board members in other listed entities as on March 31, 2020 are given in the table below:

| SN. | Name of the Director | Category | Listed Entity |
|-----|--------------------------|----------------|---|
| 1 | Mr. M M Murugappan | Chairman / NED | Tube Investments of India Limited |
| | | Chairman / NED | Carborundum Universal Limited |
| | | Chairman / NED | Cholamandalam Investment and Finance Company Limited |
| | | Chairman / NED | Cholamandalam MS General Insurance Company Limited [#] |
| | | Chairman / NED | Coromandel International Limited |
| | | NED | Cyient Limited |
| 2 | Mr. Ashok Kumar Barat | NED / ID | Mahindra & Mahindra Limited |
| | | NED / ID | Cholamandalam Investment and Finance Company Limited |
| | | NED / ID | Bata India Limited |
| | | NED / ID | DCB Bank Limited |
| | | NED / ID | Birlasoft Limited |
| 3 | Mr. B Ramaratnam | NED / ID | Redington (India) Limited |
| 4 | Ms. Vasudha Sundararaman | NED / ID | - |
| 5 | Mr. Sridharan Rangarajan | NED | Cholamandalam MS General Insurance Company Limited [#] |
| 6 | Mr. V Ravichandran | Chairman / NED | E.I.D. Parry (India) Limited |
| | | NED | Coromandel International Limited |

NED : Non-Executive Director, ID : Independent Director

[#] Debt listed entity



MEETINGS AND ATTENDANCE

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

The Company ensures that timely and relevant information are made available to all directors in order to facilitate their effective participation and contribution during the meetings. Seven meetings of the Board were held during the year ended March 31, 2020 on the following dates: May 03, 2019, June 14, 2019, August 01, 2019, November 09, 2019, January 22, 2020, January 29, 2020 and February 26, 2020. Maximum gap between two Board meetings did not exceed one hundred and twenty days during the year.

The attendance (including attendance through video conferencing) of each director at the Board meetings held during the year ended March 31, 2020, and at the 70th Annual General Meeting (AGM) held on August 1, 2019 is given in the table below:

| SN. | Name of the Director | No. of Board meetings attended (no. of meetings held during their tenure) | Attendance at the 70 th AGM |
|-----|---------------------------------------|---|--|
| 1 | Mr. M M Murugappan | 7(7) | Present |
| 2 | Ms. Shubhalakshmi Panse [®] | 3(4) | Present |
| 3 | Mr. Ashok Kumar Barat | 7(7) | Not attended |
| 4 | Mr. B Ramaratnam | 6(7) | Present |
| 5 | Ms. Vasudha Sundararaman [§] | 1(1) | Not applicable |
| 6 | Mr. Sridharan Rangarajan | 7(7) | Present |
| 7 | Mr. V Ravichandran | 5(7) | Present |

[®] Resigned on November 20, 2019

[§] Appointed from February 12, 2020

Board - Skills / Expertise / Competencies

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

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

| Name of the Director | Area of expertise |
|--------------------------|--|
| Mr. M M Murugappan | Finance, Governance, Strategy, General Management and Technology |
| Mr. Ashok Kumar Barat | Finance, Governance, Strategy and General Management |
| Mr. Ramaratnam | Finance, Governance, Strategy and Technology |
| Ms. Vasudha Sundararaman | Finance, Governance, Strategy and General Management |
| Mr. Sridharan Rangarajan | Finance, Governance, Strategy and Technology |
| Mr. V Ravichandran | Finance, Governance, Strategy and General Management |

Board Training and Induction

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

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

The Company has in place familiarisation programme for directors with regard to their roles, duties, rights, responsibilities in the company. Directors are familiarised with the organisational set-up, businesses including its associate / subsidiary / JV companies, the environment in which it operates and relevant information pertaining to the Company.

The details of familiarisation programme are available on the Company's website at:

<http://www.cholafhl.com/article/investors/858>

Board Evaluation

Pursuant to the provisions of section 134, schedule IV and the rules made thereunder of the Act and the Listing Regulations, performance evaluation of the Board as a whole, individual directors and committees of the Board has been carried out for the year ended March 31, 2020. A structured questionnaire covering various aspects of Board's functioning such as Board's structure, governance, dynamics & functioning and financial reporting process was used for completion of the evaluation process.

As a part of performance evaluation process, each director evaluated themselves, other Board members, the overall Board as well as the functioning of the committees of the Board in which they are members. Independent directors reviewed the performance evaluation of the Chairman, non-independent directors and the Board as a whole. The Board carried out performance evaluation of independent directors, the overall Board and its committees. The Chairman briefed the Board on the evaluation conducted.

COMMITTEES OF THE BOARD

Various committees have been constituted as per regulatory requirements and to support the Board in discharging its duties efficiently. The committees of the Board are Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee. The Board at the time of constitution of committees approves the terms of reference of each committee. Minutes of the meetings of the Committee(s) are placed before the Board.

Audit Committee

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

Brief terms of reference

- ✦ Oversight of the Company's financial reporting process and disclosure of its financial information;
- ✦ Review of financial statements and auditors' report;
- ✦ Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- ✦ Approval or any subsequent modification of transactions of the company with related parties;

- ✦ Scrutiny of inter-corporate loans and investments;
- ✦ Evaluation of internal financial controls and risk management systems;
- ✦ Review and monitor the auditor's independence and performance and effectiveness of audit process;
- ✦ Review of internal audit scope / plan and findings.

Composition

The committee comprises of four members viz., Mr. B Ramaratnam, Mr. Ashok Kumar Barat, Ms. Vasudha Sundararaman and Mr. Sridharan Rangarajan. During the year, Ms. Shubhalakshmi Panse resigned from the Board and ceases to be a Chairperson / Member of the committee with effect from November 20, 2019. Mr. Ramaratnam was elected as the Chairman of the Committee with effect from January 22, 2020.

Ms. Vasudha has been inducted as a committee member with effect from February 12, 2020. All committee members have financial and accounting knowledge. In order to acquaint the members of the Audit Committee of their roles and responsibilities, a hand book on Audit Committee is provided to members at the time of induction.

Meetings and Attendance

During the year ended March 31, 2020, the committee met six times. The Manager & Chief Financial Officer, the internal auditor and statutory auditors are invited to attend quarterly meetings of the Committee. The committee members had a meeting with the representatives of statutory auditors at separate session without the presence of management on May 3, 2019 and November 9, 2019.

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

| Name of the Member | Category | No. of meetings attended (no. of meetings held during their tenure) |
|---------------------------------------|----------|---|
| Ms. Shubhalakshmi Panse [®] | NED / ID | 3(4) |
| Mr. B Ramaratnam | NED / ID | 5(6) |
| Mr. Ashok Kumar Barat | NED / ID | 6(6) |
| Ms. Vasudha Sundararaman [§] | NED / ID | - |
| Mr. Sridharan Rangarajan | NED | 6(6) |

NED : Non-Executive Director, ID : Independent Director

[®] Ceases to be a member from November 20, 2019

[§] Inducted as a member from February 12, 2020



Nomination & Remuneration Committee

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

Brief terms of reference

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

Composition

The committee comprises of three members viz., Mr. Ashok Kumar Barat, Mr. M M Murugappan and Ms. Vasudha Sundararaman. Mr. Barat is the Chairman of the committee. During the year Ms. Shubhalakshmi Panse resigned from the Board and ceases to be a member of the committee with effect from November 20, 2019. Ms. Vasudha has been inducted as a member of the committee with effect from February 12, 2020.

Meetings and Attendance

The committee met twice during the year ended March 31, 2020. The attendance (including attendance through video conferencing) of each member at the committee meetings held during the year is given in the table below:

| Name of the Member | Category | No. of meetings attended (no. of meetings held during their tenure) |
|---------------------------------------|----------|---|
| Mr. Ashok Kumar Barat | NED / ID | 2(2) |
| Mr. M M Murugappan | NED | 2(2) |
| Ms. Shubhalakshmi Panse [®] | NED / ID | 1(2) |
| Ms. Vasudha Sundararaman [§] | NED / ID | NA |

NED : Non-Executive Director, ID : Independent Director

[®] Ceases to be a member from November 20, 2019

[§] Inducted as a member from February 12, 2020

Remuneration to Directors

The success of the organisation in achieving good performance and governance depends on its ability to attract quality individuals as executive and independent directors. The compensation to the non-executive directors takes the form of commission on profits paid in proportion to their tenure on Board. Though the shareholders have approved payment of commission up to one per cent of the net profits of the Company for each year calculated as per the provisions of the Companies Act 2013, the actual commission paid to the directors will be restricted to a fixed sum. The sum is reviewed periodically taking into consideration various factors such as performance of the Company, time devoted by the directors in attending to the affairs and business of the Company and the extent of responsibilities cast on the directors under various laws and other relevant factors.

The non-executive directors are also paid sitting fees subject to the statutory ceiling for all Board and Committee meetings attended by them. Considering their enhanced roles and responsibilities, the commission payable to non-executive directors has been revised from ₹5,00,000/- to ₹7,50,000/- each from FY 19-20. During the year, the sitting fee payable to non-executive directors for attending the Board and Committee meetings has been revised. Directors are paid sitting fee of ₹50,000/- each for attending every meeting of the Board and Audit Committee and ₹30,000/- each for every meeting of other committees of the Board.

Details of commission provided for / sitting fees paid to non-executive directors during the year ended March 31, 2020 are given in the table below: (in ₹)

| Name of the Director | Commission [®] | Sitting Fees paid | Total |
|--------------------------|-------------------------|-------------------|----------------|
| Mr. M M Murugappan | 750000 | 340000 | 1090000 |
| Ms. Shubhalakshmi Panse | 477459 | 165000 | 642459 |
| Mr. Ashok Kumar Barat | 750000 | 495000 | 1245000 |
| Mr. B Ramaratnam | 750000 | 445000 | 1195000 |
| Ms. Vasudha Sundararaman | 100410 | 50000 | 150410 |
| Mr. Sridharan Rangarajan | 750000 | 510000 | 1260000 |
| Mr. V Ravichandran | 750000 | 200000 | 950000 |
| Total | 4327869 | 2205000 | 6532869 |

[®] Commission subject to deduction of tax would be paid after adoption of accounts by shareholders at the 71st AGM

Policy - Board Diversity, Board Nominations and Remuneration

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

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

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

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

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

Stakeholders Relationship Committee

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

Brief terms of reference

- ★ Formulation of shareholders servicing plans and policies, approval of valid requests for transfer and transmission of shares, splitting and consolidation of shares etc;
- ★ Consider and resolve grievances of security holders of the Company including complaints relating to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends,

issue of new / duplicate certificates, general meetings etc;

- ★ Review adherence to the service standards in respect of various services rendered by the Registrar & Share Transfer Agent;
- ★ Approval of share transfers, transmissions and transpositions and delegation thereof.

Composition

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

Meetings and Attendance

The committee met twice during the year ended March 31, 2020. The attendance of each member at the committee meetings held during the year is given in the table below:

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

NED : Non-Executive Director, ID : Independent Director

Risk Management Committee

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

Brief terms of reference

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

Composition

The committee comprises of four members viz., Mr. M M Murugappan (Chairman), Mr. B Ramaratnam,

Mr. Sridharan Rangarajan and Mr. N Ganesh (Manager & Chief Financial Officer).

Meetings and Attendance

During the year ended March 31, 2020, the committee meeting was held on November 9, 2019 and the attendance of each member at the meeting is given in the table below:

| Name of the Member | Category / Designation | No. of meetings attended (no. of meetings held during their tenure) |
|--------------------------|------------------------|---|
| Mr. M M Murugappan | NED | 1(1) |
| Mr. B Ramaratnam | NED / ID | 1(1) |
| Mr. Sridharan Rangarajan | NED | 1(1) |
| Mr. N Ganesh | Manager & CFO | 1(1) |

NED : Non-Executive Director, ID : Independent Director

Corporate Social Responsibility (CSR) Committee

The Committee has been constituted in terms of section 135 of the Act and the rules made thereunder.

Brief terms of reference

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

Composition

The committee comprises of three members viz., Mr. M M Murugappan (Chairman), Mr. Ashok Kumar Barat and Mr. Sridharan Rangarajan.

Meetings and Attendance

During the year ended March 31, 2020, the committee meeting was held on May 3, 2019 and the attendance of each member at the meeting is given in the table below:

| Name of the Member | Category | No. of meetings attended (no. of meetings held during their tenure) |
|--------------------------|----------|---|
| Mr. M M Murugappan | NED | 1(1) |
| Mr. Ashok Kumar Barat | NED / ID | 1(1) |
| Mr. Sridharan Rangarajan | NED | 1(1) |

NED : Non-Executive Director, ID : Independent Director

SUBSIDIARY COMPANIES

Cholamandalam MS General Insurance Company Limited (MSGICL) is a material subsidiary of the Company as per regulation 16(1)(c) of the Listing Regulations. Mr. M M Murugappan and Mr. Sridharan Rangarajan are also on the Board of MSGICL. Pursuant to the Listing Regulations, policy on material subsidiaries has been formulated by the Board.

The policy is available on the Company's website at <http://www.cholafhl.com/article/investors/475>.

Cholamandalam Health Insurance Limited is a subsidiary of the Company. The Audit Committee reviews the financial statements of subsidiary / associate / joint venture companies and investments made by them. Minutes of board meetings of subsidiary companies are placed before the Board at its quarterly meetings along with a statement of significant transactions and arrangements if any, entered into by them. The Board reviews the business performance of major subsidiary and associate companies every half year.

RELATED PARTY TRANSACTIONS

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

The Board has formulated a policy on related party transactions. Copy of the policy is available on the Company's website at:

<http://www.cholafhl.com/article/investors/476>.

CRITERIA FOR APPOINTMENT IN SENIOR MANAGEMENT

The Nomination & Remuneration Committee is responsible for identifying persons who are qualified to be appointed in senior management. The committee in terms of section 178 of the Act has formulated criteria for appointment of personnel in senior management comprising attributes viz., personal traits, competencies,

experience and background. These attributes are considered for nominating candidates in senior management position.

SUCCESSION PLANNING

The Company has a mechanism in place to ensure planned succession for appointments to the Board and to senior management.

MEANS OF COMMUNICATION

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

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

The Company sends annual report, intimation of dividend payment, notices for general meetings and postal ballot by e-mail to those shareholders whose e-mail ids are registered with the Company / Depository Participants and in hard copies to those shareholders whose e-mail ids are not registered. In view of COVID-19, as permitted by the Ministry of Corporate Affairs, the Annual Report for FY 19-20 and the notice for 71st AGM is being sent by the Company in electronic form to the registered email addresses of the shareholders. Shareholders who have not registered their email, may refer the procedure to obtain the aforesaid documents provided in the notice for 71st AGM of the Company.

INVESTOR SERVICE

The Company attends to investors' queries / grievances in a timely manner and valid requests for share transfers and transmissions are processed within the regulatory time frame. KFin Technologies Private Limited (KFin) is the Company's Registrar and Share

Transfer Agent. Share transfers, transmissions, issue of duplicate share certificate(s), etc., as well as requests for dematerialisation / rematerialisation are processed by KFin at periodical cycles. No investor complaint was received during the year. Two investor complaints pending at the beginning of the year, were resolved and closed during the year. In order to expedite the redressal of complaints, if any, investors are requested to register their complaints to the exclusive e-mail id: investorservices@cfhl.murugappa.com for monitoring follow up action taken.

STATUTORY COMPLIANCE

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

INTERNAL CONTROLS

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

DISCLOSURES REGARDING COMMODITY PRICE RISK AND HEDGING ACTIVITIES

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

WHISTLEBLOWER / VIGIL MECHANISM

The Company has established a whistleblower / vigil mechanism for the employees and the directors as an avenue to voice concerns relating to unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Ombudsperson appointed by the Board deals with the complaints received and ensures appropriate action. Report from Ombudsperson is placed before the Audit Committee every quarter. The mechanism also provides for adequate safeguards against victimisation of persons using the mechanism and provides direct access to the chairperson of the Audit Committee in exceptional cases. During the year,



no personnel have been denied access to the Audit Committee.

DIVIDEND DISTRIBUTION POLICY

The Company has framed a dividend distribution policy as required under regulation 43A of the Listing Regulations. Copy of the policy is available on the Company's website at <http://www.cholafhl.com/article/investors/601>.

CODE OF CONDUCT

The Board has laid down a code of conduct for all directors and senior management of the Company as required under regulation 17 of the Listing Regulations. The code is available on the Company's website at <http://www.cholafhl.com/article/investors/33>. The directors and the senior management personnel have furnished their affirmation of compliance with the code for the year ended March 31, 2020. A declaration of affirmation in this regard certified by the Manager & Chief Financial Officer, is annexed to this report.

PREVENTION OF INSIDER TRADING

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

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

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

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part, for the year ended March 31, 2020 is furnished in the table below:

| (₹ in Crore) | |
|---|-------------|
| Particulars | Amount |
| Fees for audit and related services paid to M/s S R Batliboi & Affiliates firms and to entities of the network of which the statutory auditor is a part | 3.44 |
| Other fees paid to M/s S R Batliboi & Affiliates firms and to entities of the network of which the statutory auditor is a part | 0.96 |
| Total | 4.40 |

COMPLIANCE WITH CORPORATE GOVERNANCE NORMS

The Company has complied with all mandatory requirements of corporate governance norms as required under the Listing Regulations.

NON-MANDATORY REQUIREMENTS

The quarterly financial results were published in leading newspapers and uploaded on the Company's website and any major developments were covered in the press releases issued by the Company and also posted on the Company's website. Expenses incurred by the directors in performance of their duties if any, are reimbursed. As the Company does not have a Managing Director (MD) / Chief Executive Officer (CEO), separate posts of Chairperson and MD / CEO does not arise. The Internal Auditor reports to the Audit Committee directly. Further, there are no audit qualifications on the Company's financial statements.

CERTIFICATION FROM THE STATUTORY AUDITORS

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

CERTIFICATION FROM THE PRACTICING COMPANY SECRETARY

In terms of the Listing Regulations, a certificate has been obtained from M/s Srinidhi Sridharan & Associates, Practicing Company Secretaries, that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such other statutory authority. The certificate is annexed to this report.

OTHER DISCLOSURES

A Management Discussion and Analysis Report highlighting the performance of individual businesses forms part of the Board's Report. The Company has complied with all regulatory requirements. During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchanges or

Securities and Exchange Board of India or any statutory authority, on any matter relating to the capital markets. The Company has not raised any funds through preferential allotment or qualified institutional placement during the year. There was no instance of non-acceptance by the Board of any recommendations of its Committees during the year.

GENERAL SHAREHOLDER INFORMATION

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

On behalf of the Board

Place : Chennai
Date : June 15, 2020

M M Murugappan
Chairman

Annexure to the Report on Corporate Governance

Declaration on Code of Conduct

To the Members of Cholamandalam Financial Holdings Limited

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

It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2020, as envisaged under regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place : Chennai
Date : June 15, 2020

N Ganesh
Manager & Chief Financial Officer



Annexure to the Report on Corporate Governance

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

The Members of

Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited)

1. The Corporate Governance Report prepared by Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited) (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

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

Auditor's Responsibility

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

- iv. Obtained and read the minutes of the following committee meetings / other meetings held from April 01, 2019 to March 31, 2020:
 - (a) Board of Directors;
 - (b) Audit Committee;
 - (c) Annual General Meeting (AGM);
 - (d) Nomination and Remuneration Committee;
 - (e) Stakeholders Relationship Committee;
 - (f) Corporate Social Responsibility Committee; and
 - (g) Risk Management Committee.
 - v. Obtained necessary declarations from the directors of the Company;
 - vi. Obtained and read the policy adopted by the Company for related party transactions;
 - vii. Obtained the schedule of related party transactions during the year and balances at the year end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee;
 - viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

Other matters and Restriction on Use

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

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Subramanian Suresh**

Partner

Membership Number: 083673

UDIN: 20083673AAAABC8124

Place : Chennai

Date : June 15, 2020



Annexure to the Report on Corporate Governance

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

The Members,

CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED

CIN: L65100TN1949PLC002905

(Formerly known as TI FINANCIAL HOLDINGS LIMITED)

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

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

In our opinion and to the best of our knowledge and according to the verifications (including Director Identification Number (DIN) Status at the portal www.mca.gov.in) and based on such examination as well as information and explanations furnished to us, which to the best of our knowledge and belief were necessary for the purpose of issue of this certificate and based on such verification as considered necessary, we hereby certify that none of the Directors as stated below on the Board of the Company as on 31st March 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such other statutory authority.

| SN. | DIN | Name of the Director | Designation | Date of Appointment |
|-----|----------|----------------------------|--|---------------------|
| 1 | 00170478 | M M Murugappan | Non-Executive-Chairman | 11/11/2017 |
| 2 | 00492930 | Ashok Kumar Barat | Non-Executive-Independent Director | 01/08/2018 |
| 3 | 01814413 | Sridharan Rangarajan | Non-Executive-Non-Independent Director | 30/08/2018 |
| 4 | 07525213 | Balasubramanyan Ramaratnam | Non-Executive-Independent Director | 18/03/2019 |
| 5 | 00110086 | V Ravichandran | Non-Executive-Non-Independent Director | 18/03/2019 |
| 6 | 06609400 | Vasudha Sundararaman | Non-Executive-Independent Director | 12/02/2020 |

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

For **Srinidhi Sridharan & Associates**
Company Secretaries

CS Srinidhi Sridharan

CP No. 17990

ACS No. 47244

UIN: S2017TN472300

UDIN: A047244B000341824

Place : Chennai

Date : June 15, 2020

General Shareholder Information

Registered Office

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

Corporate Identification Number (CIN)

L65100TN1949PLC002905

ANNUAL GENERAL MEETING

Day : Wednesday
Date : August 12, 2020
Time : 3.30 pm
Mode : Through Video Conferencing / Other
Audio Visual means

FINANCIAL YEAR

April 1 to March 31

TENTATIVE CALENDAR FOR FY 2020-21

The tentative calendar for Board meetings for approving the quarterly financial results is given below:

Results for the first quarter

Ending 30th June, 2020 – 12th August, 2020

Results for the second quarter / half-year

Ending 30th September, 2020 – 3rd November, 2020

Results for the third quarter

Ending 31st December, 2020 - January / February, 2021

Results for the fourth quarter

Ending 31st March 2021 / Annual Results for FY 2020-21
- April / May, 2021

DIVIDEND

The Board of Directors had approved an interim dividend on the equity shares at the rate of 65% (₹0.65/- per equity share of ₹1/- each) on February 26, 2020 for FY 19-20, which was paid to shareholders on March 13, 2020. The Board has not recommended any final dividend for FY 19-20.

LISTING ON STOCK EXCHANGES

| National Stock Exchange of India Limited | BSE Limited |
|---|--|
| Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051. | Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai- 400 001. |
| Stock Code: CHOLAHLDNG | Scrip Code: 504973 |

Listing fee for the year ended March 31, 2021 has been paid to the above Stock Exchanges on time.

REGISTRAR AND SHARE TRANSFER AGENT

KFin Technologies Private Limited ('KFin') is the Registrar and Share Transfer Agent ('RTA') of the Company. The name of the Company's RTA had been changed to KFin Technologies Private Limited from Karvy Fintech Private Limited effective December 5, 2019 and the stock exchanges have been intimated in this regard. The shareholders are requested to address their share related requests / queries to the RTA.

Contact details of RTA

KFin Technologies Private Limited

(Unit : Cholamandalam Financial Holdings Limited)

Karvy Selenium Tower B, Plot 31-32, Financial District, Gachibowli, Hyderabad – 500 032, Telangana

Phone: 040-67161514, Fax: 040-23420814

Toll free: 1800-345-4001

E-mail: einward.ris@kfintech.com;

Website: <https://karisma.kfintech.com/>

Contact person: Mr. Rajkumar Kale - Senior Manager - Corporate Registry

TRANSFER OF DIVIDEND / SHARES TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of section 124 of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, shares in respect of which dividend has not been paid or claimed for seven consecutive years or more is required to be transferred from the unpaid dividend account of the Company to the Investor Education and Protection Fund ('IEPF') established by the Central Government.



The Company sends periodic intimation to the shareholders concerned, advising them to claim dividend from the Company. Further, the Company has published notices in newspaper regarding the due date for transfer of dividend and shares to the IEPF. The Company has transferred unclaimed / unencashed dividends upto the interim dividend for FY 2012-13, from time to time, to the IEPF. Members are requested to contact the Company or the Company's RTA to claim the unpaid dividend within the prescribed period.

Details of unclaimed / unpaid dividends lying with the Company as on March 31, 2019 is available on the Company's website at www.cholafhl.com/investors/706 and the Ministry of Corporate Affairs at www.iepf.gov.in. No claim shall lie against the Company for the amounts so transferred nor shall any payment be made in respect of such claims.

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

| Financial year to which the dividend relates | Date of Declaration | Due date of transfer to IEPF |
|--|---------------------|------------------------------|
| 2012-13 - Final | 02.08.2013 | 07.09.2020 |
| 2013-14 - Interim | 04.02.2014 | 12.03.2021 |
| - Final | 06.08.2014 | 11.09.2021 |
| 2014-15 - Interim | 04.02.2015 | 12.03.2022 |
| - Final | 10.08.2015 | 16.09.2022 |
| 2015-16 - Interim | 04.02.2016 | 12.03.2023 |
| - Final | 08.08.2016 | 13.09.2023 |
| 2016-17 - Interim | 06.02.2017 | 14.03.2024 |
| 2017-18 - Interim | 05.02.2018 | 12.03.2025 |
| - Final | 31.07.2018 | 06.09.2025 |
| 2018-19 - Interim | 04.02.2019 | 12.03.2026 |
| - Final | 01.08.2019 | 07.09.2026 |
| 2019-20 - Interim | 26.02.2020 | 03.04.2027 |

During the FY 19-20, the Company has transferred 93040 equity shares of ₹1/- each pertaining to 87 shareholders, to the demat account of the IEPF. Members / claimants may claim their shares and dividend transferred to the IEPF by following the procedure for refund as detailed on the website of IEPF at www.iepf.gov.in. Details of the nodal officer of the Company for the purpose of IEPF is available on the Company's website. As at March 31, 2020, 744945 equity shares were lying in the IEPF account.

INSTRUCTIONS TO SHAREHOLDERS

(a) Mode of Dividend Payment

Shareholders can make use of National Automated Clearing House (NACH) facility to receive dividends directly to their bank accounts thereby avoiding the hassles relating to handling of physical warrants besides elimination of risk of loss in postal transit / fraudulent encashment of warrants. Accordingly, shareholders are requested to provide bank account details to their Depository Participants ('DPs') / RTA, to process the dividend payments through NACH mode. If there is any change in bank account details, shareholders are requested to advise their DPs / Company's RTA, as the case may be, immediately about the change.

In case of non availability of bank account details, dividend is paid to shareholders by way of warrants / cheques / demand drafts.

(b) Shareholders holding shares in physical form

Requests for change of address shall be sent to the Company's RTA, KFin, for facilitating them to forward the dividend warrants to the latest address of members. Members are also advised to intimate their bank account details to RTA, to enable incorporation of the same on dividend warrants. This would help prevent any fraudulent encashment of dividend warrants.

(c) Investor Service System

As per SEBI mandate, with effect from April 1, 2019, securities of listed companies can be transferred only in dematerialised form. In view of this requirement, members who hold shares in physical form are requested to get their shares dematerialized to avail the benefits of dematerialisation.

Request for transfer / transmission / transposition of shares and other requests from shareholders holding shares in physical form are processed by the Company's RTA, KFin. The Board has delegated powers to the Stakeholders Relationship Committee to approve requests of shareholders. Requests of transfer and transmission of shares are processed within the regulatory time frame. Periodical confirmation / reports with regard to share transfers are obtained for monitoring investor service system.

DETAILS OF SHAREHOLDERS' COMPLAINTS

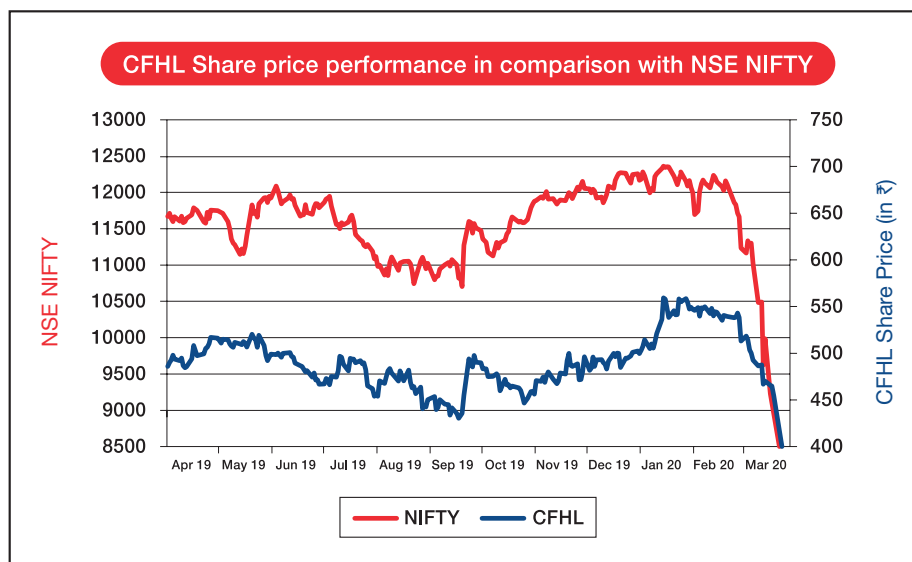
| | |
|---|-----|
| Complaints pending as on April 1, 2019 | 2 |
| Complaints received during the year | Nil |
| Complaints resolved during the year | 2 |
| Complaints pending as on March 31, 2020 | Nil |

* 2 complaints which were pending in the beginning of the year related to non-receipt of share certificate pursuant to transfer and non-receipt of dividend & deletion of joint holder's name.

MARKET PRICE DATA AND COMPARISON

Monthly high and low price of the Equity Shares of the Company during FY 19-20 are as follows:

| Month | National Stock Exchange of India Ltd. | | | BSE Ltd. | | |
|--------|---------------------------------------|------------|---------|-------------|------------|---------|
| | High (in ₹) | Low (in ₹) | Volume | High (in ₹) | Low (in ₹) | Volume |
| Apr-19 | 516.95 | 484.55 | 2775082 | 510.70 | 480.50 | 1413743 |
| May-19 | 520.25 | 491.95 | 2271769 | 519.70 | 491.90 | 383910 |
| Jun-19 | 500.75 | 466.75 | 1803107 | 505.00 | 466.05 | 6979 |
| Jul-19 | 496.80 | 454.00 | 3502205 | 498.85 | 456.00 | 1366099 |
| Aug-19 | 483.60 | 440.55 | 4352375 | 483.25 | 433.65 | 470525 |
| Sep-19 | 497.75 | 430.35 | 1829114 | 499.90 | 429.50 | 181631 |
| Oct-19 | 483.35 | 446.60 | 1258983 | 486.20 | 450.15 | 17188 |
| Nov-19 | 499.99 | 467.25 | 1650482 | 500.00 | 466.40 | 210716 |
| Dec-19 | 502.55 | 481.75 | 1892689 | 504.20 | 480.70 | 51700 |
| Jan-20 | 559.25 | 503.15 | 4507998 | 559.95 | 503.15 | 1047471 |
| Feb-20 | 549.90 | 513.00 | 2060115 | 549.55 | 508.00 | 123284 |
| Mar-20 | 518.35 | 290.00 | 5824310 | 517.35 | 290.05 | 191257 |





SHAREHOLDING PATTERN AS ON MARCH 31, 2020

| Category | No. of shares | % of shareholding |
|--|------------------|-------------------|
| Promoter & Promoter Group | 91589469 | 48.79 |
| Mutual Funds /UTI | 42809076 | 22.81 |
| Banks, Financial Institutions, Insurance Companies | 3831336 | 2.04 |
| Foreign Institutional Investors | 19326689 | 10.30 |
| Bodies Corporate | 5247442 | 2.80 |
| Resident Individuals | 19736891 | 10.52 |
| Bank of New York Mellon (Depository for GDR holders) | 23460 | 0.01 |
| NRI and Others | 5151667 | 2.73 |
| Total | 187716030 | 100.00 |

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2020

| Category (Shares) | No. of shareholders | % to shareholders | No. of shares | % to Equity |
|-------------------|---------------------|-------------------|------------------|---------------|
| upto 1 - 5000 | 20638 | 96.27 | 9257267 | 4.93 |
| 5001 - 10000 | 309 | 1.44 | 2266171 | 1.21 |
| 10001 - 20000 | 177 | 0.82 | 2525978 | 1.35 |
| 20001 - 30000 | 64 | 0.30 | 1544380 | 0.82 |
| 30001 - 40000 | 40 | 0.19 | 1416233 | 0.75 |
| 40001 - 50000 | 20 | 0.09 | 915939 | 0.49 |
| 50001 - 100000 | 50 | 0.23 | 3633618 | 1.94 |
| 100001 & Above | 142 | 0.66 | 166156444 | 88.51 |
| Total | 21485 | 100.00 | 187716030 | 100.00 |

| Shareholding mode | No. of shareholders | % to shareholders | No. of shares | % to Equity |
|--------------------|---------------------|-------------------|------------------|---------------|
| Physical | 711 | 3.31 | 1149336 | 0.61 |
| Demat / electronic | 20774 | 96.69 | 186566694 | 99.39 |
| Total | 21485 | 100.00 | 187716030 | 100.00 |

NOMINATION FACILITY

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

DEMATERIALISATION OF SHARES

The Equity Shares of the Company are compulsorily traded in dematerialised form. The code number allotted by the National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) to Cholamandalam Financial Holdings Limited (formerly, TI Financial Holdings Limited) is ISIN INE149A01033.

RECONCILIATION OF SHARE CAPITAL AUDIT

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

GDR DETAILS

As at March 31, 2020, 23460 Global Depository Receipts (GDRs) were outstanding representing an equal number of underlying Equity Shares. The GDRs stand delisted/ withdrawn for trading from Luxembourg Stock Exchange, effective May 18, 2011.

COMMODITY PRICE RISK / FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

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

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

| Date of AGM | Whether any Special Resolution was passed | Particulars |
|--------------------|---|--|
| September 25, 2017 | No | - |
| July 31, 2018 | No | - |
| August 1, 2019 | Yes | Approval of remuneration by way of commission to Non-Executive Directors |

The shareholders approved the said special resolution with requisite majority.

POSTAL BALLOT

No postal ballot was conducted during the FY 19-20. Further, at present, there is no proposal to pass any resolution through postal ballot.

GENERAL BODY MEETING

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

| Year | Date | Time | Venue |
|---------|--------------------|----------|--|
| 2016-17 | September 25, 2017 | 11.30 AM | T T K Auditorium, The Music Academy, No. 168 (Old No.306), T T K Road, Chennai - 600 014 |
| 2017-18 | July 31, 2018 | 3.00 PM | |
| 2018-19 | August 1, 2019 | 3.00 PM | |

UNCLAIMED SHARES

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

| SN. | Particulars | No. of shareholders | No. of shares |
|-----|--|---------------------|---------------|
| 1 | Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 01.04.2019 | 1073 | 1048496 |
| 2 | Number of shareholders who approached for transfer of their shares from the Unclaimed Suspense Account during the year | 65 | 74270 |
| 3 | Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year | 65 | 74270 |
| 4 | Number of shareholders whose shares were transferred to the Investor Education & Protection Fund during the year | 48 | 76870 |
| 5 | Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31.03.2020 | 960 | 897356 |

Shareholders who continue to hold the share certificates with face value of ₹10 / ₹2 each are entitled to claim the Equity Shares with face value of ₹1 each from the Unclaimed Suspense Account. The voting rights on the shares outstanding in the suspense account as on March 31, 2020 shall remain frozen till the rightful owner of such share claims the shares. On receipt of the claim, the Company will, after verification, arrange to credit the Equity Shares to the demat account of the shareholder concerned or deliver the share certificate to the shareholder in physical mode after re-materialisation.

Contact details:

For assisting and handling investor grievances:

Ms. E Krithika

Compliance Officer & Company Secretary

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

E-mail : investorservices@cfhl.murugappa.com, krithikae@cfhl.murugappa.com

Phone: 044 - 4090 7638; Fax: 044 - 4211 0404



ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

ANNEXURE C

1. **A brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

Outline of the Company's CSR Policy

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

The CSR policy of the Company inter alia provides for identification of CSR projects and programs, modalities of execution and monitoring process. The policy gives an overview of the projects or programs, which would be undertaken by the Company from time to time. Improving access to education was the key focus area during the year.

The CSR policy is available on the Company's website at <http://www.cholafhl.com/article/investors/467>.

2. **The composition of the CSR Committee:**

Mr. M M Murugappan, Chairman

Mr. Ashok Kumar Barat

Mr. Sridharan Rangarajan

3. **Average net profit of the Company for last three financial years:** ₹278 Lakh

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):** ₹6 Lakh

5. **Details of CSR spent during the financial year:**

a. Total amount spent for the financial year: ₹11 Lakh

b. Amount unspent, if any : Nil

c. Manner in which the amount spent during the financial year is detailed below: (₹ in Lakh)

| CSR Project/ Activity identified | Sector in which the project is covered | Projects or Programs (1) Local area or other (2) State and district where Project or Program was undertaken | Amount outlay (budget) project or program wise | Amount spent on the projects or programs - 1) Direct expenditure 2) Overheads | Cumulative expenditure up to the reporting period | Amount spent - Direct (D) or through implementing agency (IA) |
|--|---|---|--|---|--|---|
| Education to girl children in rural areas | Education | Mirzapur District, Uttar Pradesh | 11.0 | 11.0 | 11.0 | IA (IIMPACT) |

6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:**

Not applicable

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

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

On behalf of the Board

Place : Chennai

Sridharan Rangarajan

M M Murugappan

Date : June 15, 2020

Director

Chairman – CSR Committee

ANNEXURE D

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

(i) Details of employees in terms of remuneration drawn during the financial year 2019-20 as per Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

| Name (Age) | Designation / Nature of duties | Gross remuneration paid (in ₹) | Qualification and experience (years) | Date of commencement of employment / deputation | Previous employment |
|-----------------|-----------------------------------|--------------------------------|--------------------------------------|---|--|
| N Ganesh (47) | Manager & Chief Financial Officer | 80,10,630 | B.Com, ACA (24 years) | August 9, 2017 | Cholamandalam Investment and Finance Company Limited |
| E Krithika (40) | Company Secretary | 23,34,473 | M.Com, ACS (14 years) | August 9, 2017 | Cholamandalam MS General Insurance Company Limited |

Notes:

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

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

| Name of the Director | Category | Ratio |
|---------------------------------------|-----------------------------------|--------|
| Mr. M M Murugappan | Chairman & Non-Executive Director | 0.21:1 |
| Ms. Shubhalakshmi Panse [#] | Independent Director | 0.24:1 |
| Mr. Ashok Kumar Barat | Independent Director | 0.24:1 |
| Mr. B Ramaratnam | Independent Director | 0.24:1 |
| Ms. Vasudha Sundararaman [*] | Independent Director | 0.24:1 |
| Mr. Sridharan Rangarajan | Non-Executive Director | 0.24:1 |
| Mr. V Ravichandran | Non-Executive Director | 0.19:1 |

[#] Resigned on November 20, 2019

^{*} Appointed from February 12, 2020

Note: 1. Above remuneration includes sitting fees paid during the year.

2. Remuneration of directors is annualised.



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

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

| Name of the Director | Category | % increase |
|---------------------------------------|-----------------------------------|------------|
| Mr. M M Murugappan | Chairman & Non-Executive Director | 44.4 |
| Ms. Shubhalakshmi Panse [#] | Independent Director | 45.5 |
| Mr. Ashok Kumar Barat | Independent Director | 42.3 |
| Mr. B Ramaratnam | Independent Director | 50.0 |
| Ms. Vasudha Sundararaman [*] | Independent Director | NA |
| Mr. Sridharan Rangarajan | Non-Executive Director | 46.5 |
| Mr. V Ravichandran | Non-Executive Director | 53.8 |

[#] Resigned on November 20, 2019

^{*} Appointed with effect from February 12, 2020

Note: Sitting fees & Commission payable to NEDs were revised during the year.

Increase in remuneration of KMPs : Manager & CFO – 12.6%; Company Secretary - 18%

(iv) Percentage increase in median remuneration of employees in the financial year: 13.7%

(v) Number of permanent employees on the rolls of the Company as on 31.03.2020

Two employees i.e. the Manager & CFO and the Company Secretary.

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

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

(vii) Affirmation

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

On behalf of the Board

M M Murugappan
Chairman

Place : Chennai

Date : June 15, 2020

Secretarial Audit Report

ANNEXURE E

for the financial year ended 31st March, 2020

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

The Members,

CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED
(Formerly known as "TI FINANCIAL HOLDINGS LIMITED")
CIN: L65100TN1949PLC002905
Dare House, No.234, N S C Bose Road, Chennai - 600001

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

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



- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the company during the audit period); and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the company during the audit period);
- (vi) We have reviewed the systems and mechanisms established by the Company for ensuring compliances under the other applicable Acts, Rules, Regulations and Guidelines prescribed under various laws which are specifically applicable to the Company and categorized under the following major heads/groups:
- a) Reserve Bank of India Act, 1934, Rules, Regulations, guidelines, circulars, directions, notifications made there under;
 - b) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;
 - c) NBFC Auditors Report Reserve Bank Directions, 1998;
 - d) NBFC Public Deposits RBI Directions 1998.

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

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

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

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

We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

We further report that

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

Adequate notice is given to all the directors before schedule of the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. The meeting convened at shorter notice and notes on agenda which are circulated less than the specified period, the necessary compliances under the Companies Act, 2013 and Secretarial Standards on Board Meeting are complied with. The necessary compliances of Rule 3 & 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 have been complied with in respect of meetings convened through Video Conferencing / Audio Visual means.

Based on the verification of the records and minutes, the decisions at the Board / Committee Meetings were taken with the consent of the Board of Directors / Committee Members and no Director / Member had dissented on any of the decisions taken at such Board / Committee Meetings. Further in the minutes of the General Meeting, the Members who voted against the resolution(s) have been recorded.

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

We further report that the above mentioned Company being a Listed entity, this report is also issued pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

and circular No.CIR/CFD/CMD1/27/2019 dated 8th February, 2019 issued by Securities and Exchange Board of India.

We further report that as per the information and explanations provided by the Management, the Company does not have any Material Unlisted Subsidiary(ies) Incorporated in India as defined in Regulation 16(1)(c) and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that during the audit period, the Company has

1. Registered as a Core Investment Company and issued certificate of registration (COR) dated January 6, 2020 by the Reserve Bank of India under section 45IA of the Reserve Bank of India Act, 1934;
2. Obtained the approval of the Board of Directors at their meeting held on 14th June, 2019 to make a long term investment upto a sum not exceeding ₹35 Crores by way of purchase of upto 10,00,000 equity shares of ₹2/- each of Cholamandalam Investment and Finance Company Limited from Ambadi Investments Limited at the prevailing market price.

3. Obtained the approval of the Board of Directors at their meeting held on 22nd January, 2020 as follows:

- To make an investment in preferential issue of Cholamandalam Investment & Finance Company Limited aggregating to an amount of ₹350 Crores at a face value of ₹2/- each per equity share.
- To borrow an amount not exceeding ₹500 Crores by way of overdrafts, cash credits, term loan, commercial papers, inter corporate borrowings and such other facilities.

For **Srinidhi Sridharan & Associates**
Company Secretaries

CS Srinidhi Sridharan

CP No. 17990

ACS No. 47244

UIN: S2017TN472300

Place : Chennai

Date : June 15, 2020

UDIN: A047244B000341791



Form No. MGT-9 Extract of Annual Return

ANNEXURE F

as on the financial year ended on March 31, 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

| | | |
|---|---|---|
| 1 | Corporate Identification Number (CIN) | : L65100TN1949PLC002905 |
| 2 | Registration Date | : 9 th September, 1949 |
| 3 | Name of the Company | : Cholamandalam Financial Holdings Limited (Formerly, TI Financial Holdings Limited) |
| 4 | Category / Sub-Category of the Company | : Public Company / Limited by shares |
| 5 | Address of the Registered Office and contact details | : "Dare House", No. 234, N S C Bose Road, Chennai - 600 001 Phone: 044 42177770-5; Fax: 044 42110404 E-mail: investorservices@cfhl.murugappa.com |
| 6 | Whether listed company | : Yes |
| 7 | Name, Address and Contact details of Registrar and Transfer Agent, if any | : KFin Technologies Private Limited (Unit: Cholamandalam Financial Holdings Limited) Karvy Selenium Tower B, Plot 31-32, Financial District, Gachibowli, Hyderabad - 500 032, Telangana Phone : (040) - 67161514 Fax : (040) - 23420814 Toll free Number: 1800-345-4001 E-mail: einward.ris@kfintech.com Website: https://karisma.kfintech.com/ Contact person: Mr. Rajkumar Kale - Senior Manager - Corporate Registry |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Name and Description of main products / services | NIC Code of the Product / Service | % to total turnover of the Company |
|--|-----------------------------------|------------------------------------|
| Investment Activity | 6430 | 91.11% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| SN. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|-----|--|------------------------|--------------------------------|------------------|--------------------|
| 1 | Cholamandalam Investment and Finance Company Ltd.* "Dare House", No.2, N S C Bose Road, Chennai - 600 001 | L65993TN1978PLC 007576 | Associate | 45.50 | 2(6) |
| 2 | Cholamandalam MS General Insurance Company Ltd. "Dare House", No.2, N S C Bose Road, Chennai - 600 001 | U66030TN2001PLC047977 | Subsidiary | 60.00 | 2(87)(ii) |
| 3 | Cholamandalam MS Risk Services Ltd. "Dare House", No.2, N S C Bose Road, Chennai - 600001 | U74140TN1994PLC029257 | Joint Venture | 49.50 | 2(6) |
| 4 | Cholamandalam Health Insurance Ltd. "Dare House", No.2, N S C Bose Road, Chennai - 600001 | U66020TN2017PLC117783 | Subsidiary | 99.86 | 2(87)(ii) |

*Treated as a subsidiary under Ind-AS

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

(i) Category-wise Shareholding

| SN. | Category of Shareholders | No. of shares held at the beginning of the year (01-Apr-2019) | | | | No. of shares held at the end of the year (31-Mar-2020) | | | | % Change during the year |
|------------|--|---|---------------|-----------------|-------------------|---|---------------|-----------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| (A) | PROMOTER AND PROMOTER GROUP | | | | | | | | | |
| (1) | INDIAN | | | | | | | | | |
| (a) | Individual /HUF | 13483452 | - | 13483452 | 7.18 | 10841722 | - | 10841722 | 5.78 | (1.40) |
| (b) | Central Government/ State Government(s) | - | - | - | - | - | - | - | - | - |
| (c) | Bodies Corporate | 72424485 | - | 72424485 | 38.59 | 73124485 | - | 73124485 | 38.95 | 0.36 |
| (d) | Financial Institutions / Banks | - | - | - | - | - | - | - | - | - |
| (e) | Others : | 5606730 | - | 5606730 | 2.99 | 7606230 | - | 7606230 | 4.05 | 1.06 |
| | Sub-Total A(1) : | 91514667 | - | 91514667 | 48.76 | 91572437 | - | 91572437 | 48.78 | 0.02 |
| (2) | FOREIGN | | | | | | | | | |
| (a) | Individuals (NRIs / Foreign Individuals) | - | - | - | - | - | - | - | - | - |
| (b) | Bodies Corporate | - | - | - | - | - | - | - | - | - |
| (c) | Institutions | - | - | - | - | - | - | - | - | - |
| (d) | Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| (e) | Others : | 17032 | - | 17032 | 0.01 | 17032 | - | 17032 | 0.01 | - |
| | Sub-Total A(2) : | 17032 | - | 17032 | 0.01 | 17032 | - | 17032 | 0.01 | - |
| | Total A=A(1)+A(2) | 91531699 | - | 91531699 | 48.77 | 91589469 | - | 91589469 | 48.79 | 0.02 |
| (B) | PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) | INSTITUTIONS | | | | | | | | | |
| (a) | Mutual Funds / UTI | 31743146 | - | 31743146 | 16.91 | 42809076 | - | 42809076 | 22.80 | 5.89 |
| (b) | Financial Institutions / Banks | 903392 | 7350 | 910742 | 0.49 | 887860 | 7350 | 895210 | 0.48 | (0.01) |
| (c) | Central Government / State Government(s) | - | - | - | - | - | - | - | - | - |
| (d) | Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (e) | Insurance Companies | 2936126 | - | 2936126 | 1.56 | 2936126 | - | 2936126 | 1.56 | - |
| (f) | Foreign Institutional Investors / Foreign Portfolio Investors | 19317555 | 236660 | 19554215 | 10.42 | 19090029 | 236660 | 19326689 | 10.30 | (0.12) |
| (g) | Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - |
| (h) | Others (includes Alternate Investment Funds) | 1546551 | - | 1546551 | 0.82 | 1575049 | - | 1575049 | 0.84 | 0.02 |
| | Sub-Total B(1) : | 56446770 | 244010 | 56690780 | 30.20 | 67298140 | 244010 | 67542150 | 35.98 | 5.78 |
| (2) | NON-INSTITUTIONS | | | | | | | | | |
| (a) | Bodies Corporate | 9672562 | 4140 | 9676702 | 5.16 | 5254902 | 4140 | 5259042 | 2.80 | (2.36) |
| (b) | Individuals | | | | | | | | | |
| (i) | Individuals holding nominal share capital upto ₹1 lakh | 16719091 | 1003981 | 17723072 | 9.44 | 15865798 | 844156 | 16709954 | 8.90 | (0.54) |
| (ii) | Individuals holding nominal share capital in excess of ₹1 lakh | 5300007 | - | 5300007 | 2.82 | 3026937 | - | 3026937 | 1.61 | (1.21) |



| SN. | Category of Shareholders | No. of shares held at the beginning of the year (01-Apr-2019) | | | | No. of shares held at the end of the year (31-Mar-2020) | | | | % Change during the year |
|------------|--|---|----------------|------------------|-------------------|---|----------------|------------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| (c) | Others: | | | | | | | | | |
| | Clearing Members | 252252 | - | 252252 | 0.13 | 63404 | - | 63404 | 0.03 | (0.10) |
| | Non Resident Indians | 2129388 | 57030 | 2186418 | 1.17 | 2447787 | 57030 | 2504817 | 1.33 | 0.16 |
| | Trusts | 106046 | - | 106046 | 0.06 | 107725 | - | 107725 | 0.06 | - |
| | Others (IEPF, QIB etc.,) | 1363005 | - | 1363005 | 0.73 | 889072 | - | 889072 | 0.47 | (0.25) |
| | Sub-Total B(2) : | 35542351 | 1065151 | 36607502 | 19.51 | 27655625 | 905326 | 28560951 | 15.22 | (4.29) |
| | Total B=B(1)+B(2) : | 91989121 | 1309161 | 93298282 | 49.71 | 94953765 | 1149336 | 96103101 | 51.20 | 1.49 |
| | Total (A+B) : | 183520820 | 1309161 | 184829981 | 98.48 | 186543234 | 1149336 | 187692570 | 99.99 | 1.51 |
| (C) | SHARES HELD BY CUSTODIANS FOR GDRS & ADRS | | | | | | | | | |
| (1) | Promoter and Promoter Group | - | - | - | - | - | - | - | - | - |
| (2) | Public | 2862253 | - | 2862253 | 1.52 | 23460 | - | 23460 | 0.01 | (1.51) |
| | Sub-Total C: | 2862253 | - | 2862253 | 1.52 | 23460 | - | 23460 | 0.01 | (1.51) |
| | GRAND TOTAL (A+B+C) : | 186383073 | 1309161 | 187692234 | 100.00 | 186566694 | 1149336 | 187716030 | 100.00 | |

Note: The increase in paid up share capital is on account of allotment of shares to option grantees under the Company's ESOP Schemes.

(ii) Shareholding of Promoters

| SN. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in shareholding during the year |
|-----|------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of shares | % of total shares of the company | % of the shares pledged/encumbered to total shares | No. of shares | % of total shares of the company | % of the shares pledged/encumbered to total shares | |
| 1 | M V Murugappan [#] | 863980 | 0.46 | - | - | - | - | (0.46) |
| 2 | M V Subbiah | 744150 | 0.40 | - | 171200 | 0.09 | - | (0.31) |
| 3 | S Vellayan | 430250 | 0.23 | - | - | - | - | (0.23) |
| 4 | A Vellayan | 631900 | 0.34 | - | 631900 | 0.34 | - | - |
| 5 | V Narayanan | 281140 | 0.15 | - | 281140 | 0.15 | - | - |
| 6 | V Arunachalam | 338990 | 0.18 | - | 338990 | 0.18 | - | - |
| 7 | A Venkatachalam [*] | 764610 | 0.41 | 0.020 | 764610 | 0.41 | - | - |
| 8 | Arun Venkatachalam | 198130 | 0.11 | - | 198130 | 0.11 | - | - |
| 9 | M M Murugappan | 842405 | 0.45 | - | 842405 | 0.45 | - | - |
| 10 | M M Veerappan | - | - | - | - | - | - | - |
| 11 | M M Muthiah | - | - | - | - | - | - | - |
| 12 | M M Venkatachalam | 407900 | 0.21 | 0.002 | 4000 | 0.00 | 0.002 | (0.21) |
| 13 | M V Muthiah | - | - | - | - | - | - | - |
| 14 | M V Subramanian | - | - | - | - | - | - | - |
| 15 | M A Alagappan | 840660 | 0.45 | 0.003 | 840660 | 0.45 | 0.003 | - |
| 16 | Arun Alagappan | 833090 | 0.44 | - | 833090 | 0.44 | - | - |

| SN. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in shareholding during the year |
|--------------|--|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of shares | % of total shares of the company | % of the shares pledged/encumbered to total shares | No. of shares | % of total shares of the company | % of the shares pledged/encumbered to total shares | |
| 17 | M A M Arunachalam | 618820 | 0.33 | - | 618820 | 0.33 | - | - |
| 18 | Valli Arunachalam | 543330 | 0.29 | - | 543330 | 0.29 | - | - |
| 19 | E.I.D. Parry (India) Ltd. | - | - | - | - | - | - | - |
| 20 | Coromandel International Ltd. | - | - | - | - | - | - | - |
| 21 | New Ambadi Estates Private Ltd. | - | - | - | - | - | - | - |
| 22 | Tube Investments of India Ltd. | - | - | - | - | - | - | - |
| 23 | Ambadi Enterprises Ltd. | 1058200 | 0.56 | - | 1058200 | 0.56 | - | - |
| 24 | Ambadi Investments Ltd. | 70066595 | 37.33 | - | 70766595 | 37.70 | - | 0.37 |
| 25 | Carborundum Universal Ltd. | 1000 | 0.00 | - | 1000 | 0.00 | - | - |
| 26 | M/s Murugappa & Sons# (M V Subbiah, M A Alagappan & M M Murugappan hold shares on behalf of the firm) | - | - | - | 863980 | 0.46 | - | 0.46 |
| Total | | 79465150 | 42.34 | 0.025 | 78758050 | 41.96 | 0.005 | (0.38) |

* Transfer of shares from Mr. M V Murugappan to M/s Murugappa & Sons (firm reconstituted during the year)

* Pledge released during the year

Note : The above table does not include holdings of promoter group aggregating to 12831419 shares (6.83%) as at March 31, 2020

(iii) Change in Promoters' Shareholding

| SN. | Date | Name of the Shareholder | Shareholding at the beginning of the year | | Increase/Decrease in share holding | Cumulative shareholding during the year | |
|-----|------------|-------------------------|---|----------------------------------|------------------------------------|---|----------------------------------|
| | | | No. of shares | % of total shares of the company | | No. of shares | % of total shares of the company |
| 1 | 01/04/2019 | M V Murugappan | 863980 | 0.46 | | | |
| | 06/03/2020 | | | | Decrease | (863980) | |
| | 31/03/2020 | | | | | - | - |
| 2 | 01/04/2019 | M V Subbiah | 744150 | 0.40 | | | |
| | 03/06/2019 | | | | Decrease | (176460) | |
| | 28/06/2019 | | | | Decrease | (396490) | |
| | 31/03/2020 | | | | | 171200 | 0.09 |
| 3 | 01/04/2019 | S Vellayan | 430250 | 0.23 | | | |
| | 03/06/2019 | | | | Decrease | (430250) | |
| | 31/03/2020 | | | | | - | - |
| 4 | 01/04/2019 | M M Venkatachalam | 407900 | 0.21 | | | |
| | 27/09/2019 | | | | Decrease | (403900) | |
| | 31/03/2020 | | | | | 4000 | 0.002 |
| 5 | 01/04/2019 | Ambadi Investments Ltd. | 70066595 | 37.33 | | | |
| | 16/08/2019 | | | | Increase | 700000 | |
| | 31/03/2020 | | | | | 70766595 | 37.70 |
| 6 | 01/04/2019 | M/s. Murugappa & Sons | - | - | | | |
| | 06/03/2020 | | | | Increase | 863980 | |
| | 31/03/2020 | | | | | 863980 | 0.46 |


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

| SN. | Shareholder's Name | Shareholding at the beginning (01-Apr-2019) / end of the year (31-Mar-2020) | | Date | Increase/ Decrease in share holding | Reason | Cumulative shareholding during the year (01-Apr-2019 to 31-Mar-2020) | | |
|-----|---|---|----------------------------------|------------|-------------------------------------|------------|--|----------------------------------|---------|
| | | No. of shares | % of total shares of the company | | | | No. of shares | % of total shares of the company | |
| 1 | HDFC TRUSTEE COMPANY LIMITED - A/C HDFC BALANCED FUND | 12237390 | 6.52 | 30/03/2019 | | | 12237390 | 6.52 | |
| | | | | 05/04/2019 | (249500) | Sale | 11987890 | 6.39 | |
| | | | | 22/11/2019 | (100000) | Sale | 11887890 | 6.33 | |
| | | | | 29/11/2019 | (401642) | Sale | 11486248 | 6.12 | |
| | | | | 20/12/2019 | (158521) | Sale | 11327727 | 6.03 | |
| | | | | 31/12/2019 | (221000) | Sale | 11106727 | 5.92 | |
| | | | | 03/01/2020 | (902049) | Sale | 10204678 | 5.44 | |
| | | | | 31/03/2020 | | | 10204678 | 5.44 | |
| | | | | 10204678 | 5.44 | | | | |
| | | | | 7376923 | 3.93 | 30/03/2019 | | | 7376923 |
| 2 | RELIANCE CAPITAL TRUSTEE CO LTD. A/C RELIANCE BALANCED ADVANTAGE FUND | | | 05/04/2019 | 220785 | Purchase | 7597708 | 4.05 | |
| | | | | 12/04/2019 | 21728 | Purchase | 7619436 | 4.06 | |
| | | | | 19/04/2019 | 100672 | Purchase | 7720108 | 4.11 | |
| | | | | 26/04/2019 | 448112 | Purchase | 8168220 | 4.35 | |
| | | | | 03/05/2019 | 334210 | Purchase | 8502430 | 4.53 | |
| | | | | 10/05/2019 | 468032 | Purchase | 8970462 | 4.78 | |
| | | | | 10/05/2019 | (4698) | Sale | 8965764 | 4.78 | |
| | | | | 17/05/2019 | 141032 | Purchase | 9106796 | 4.85 | |
| | | | | 24/05/2019 | 30421 | Purchase | 9137217 | 4.87 | |
| | | | | 24/05/2019 | (181900) | Sale | 8955317 | 4.77 | |
| | | | | 31/05/2019 | 2664 | Purchase | 8957981 | 4.77 | |
| | | | | 07/06/2019 | 22990 | Purchase | 8980971 | 4.78 | |
| | | | | 14/06/2019 | (120) | Sale | 8980851 | 4.78 | |
| | | | | 21/06/2019 | 41459 | Purchase | 9022310 | 4.81 | |
| | | | | 28/06/2019 | 598721 | Purchase | 9621031 | 5.13 | |
| | | | | 05/07/2019 | 700720 | Purchase | 10321751 | 5.50 | |
| | | | | 05/07/2019 | (197670) | Sale | 10124081 | 5.39 | |
| | | | | 12/07/2019 | 312 | Purchase | 10124393 | 5.39 | |
| | | | | 19/07/2019 | 641 | Purchase | 10125034 | 5.39 | |
| | | | | 26/07/2019 | 288 | Purchase | 10125322 | 5.39 | |
| | | | | 02/08/2019 | 8879 | Purchase | 10134201 | 5.40 | |
| | | | | 09/08/2019 | 233078 | Purchase | 10367279 | 5.52 | |
| | | | | 09/08/2019 | (14409) | Sale | 10352870 | 5.52 | |
| | | | | 16/08/2019 | 18920 | Purchase | 10371790 | 5.53 | |
| | | | | 23/08/2019 | 46583 | Purchase | 10418373 | 5.55 | |
| | | | | 30/08/2019 | 25331 | Purchase | 10443704 | 5.56 | |
| | | | | 30/08/2019 | (50000) | Sale | 10393704 | 5.54 | |
| | | | | 06/09/2019 | 200072 | Purchase | 10593776 | 5.64 | |
| | | | | 06/09/2019 | (200000) | Sale | 10393776 | 5.54 | |
| | | | | 13/09/2019 | 168 | Purchase | 10393944 | 5.54 | |
| | | | | 20/09/2019 | 168 | Purchase | 10394112 | 5.54 | |
| | | | | 27/09/2019 | 49274 | Purchase | 10443386 | 5.56 | |
| | | | | 04/10/2019 | 111674 | Purchase | 10555060 | 5.62 | |
| | | | | 11/10/2019 | 13998 | Purchase | 10569058 | 5.63 | |
| | | | | 18/10/2019 | 144 | Purchase | 10569202 | 5.63 | |
| | | | | 01/11/2019 | 100216 | Purchase | 10669418 | 5.68 | |
| | | | | 08/11/2019 | 72 | Purchase | 10669490 | 5.68 | |
| | | | | 15/11/2019 | (312) | Sale | 10669178 | 5.68 | |
| | | | | 22/11/2019 | (293) | Sale | 10668885 | 5.68 | |
| | | | | 29/11/2019 | (6129) | Sale | 10662756 | 5.68 | |
| | | 06/12/2019 | 208978 | Purchase | 10871734 | 5.79 | | | |
| | | 06/12/2019 | (1151) | Sale | 10870583 | 5.79 | | | |
| | | 13/12/2019 | 156837 | Purchase | 11027420 | 5.87 | | | |
| | | 20/12/2019 | 124924 | Purchase | 11152344 | 5.94 | | | |
| | | 27/12/2019 | 1572 | Purchase | 11153916 | 5.94 | | | |
| | | 31/12/2019 | 23 | Purchase | 11153939 | 5.94 | | | |
| | | 03/01/2020 | 690 | Purchase | 11154629 | 5.94 | | | |
| | | 10/01/2020 | 381935 | Purchase | 11536564 | 6.15 | | | |
| | | 17/01/2020 | 576173 | Purchase | 12112737 | 6.45 | | | |
| | | 24/01/2020 | 897 | Purchase | 12113634 | 6.45 | | | |
| | | 31/01/2020 | 50000 | Purchase | 12163634 | 6.48 | | | |
| | | 31/01/2020 | (759) | Sale | 12162875 | 6.48 | | | |
| | | 07/02/2020 | 492226 | Purchase | 12655101 | 6.74 | | | |

| SN. | Shareholder's Name | Shareholding at the beginning (01-Apr-2019) / end of the year (31-Mar-2020) | | Date | Increase/ Decrease in share holding | Reason | Cumulative shareholding during the year (01-Apr-2019 to 31-Mar-2020) | |
|-----|----------------------------------|---|-------------------------------------|------------|---|----------|--|-------------------------------------|
| | | No. of shares | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| | | | | 14/02/2020 | 34193 | Purchase | 12689294 | 6.76 |
| | | | | 21/02/2020 | (1058) | Sale | 12688236 | 6.76 |
| | | | | 28/02/2020 | 520043 | Purchase | 13208279 | 7.04 |
| | | | | 28/02/2020 | (126) | Sale | 13208153 | 7.04 |
| | | | | 06/03/2020 | 1070410 | Purchase | 14278563 | 7.61 |
| | | | | 06/03/2020 | (869589) | Sale | 13408974 | 7.14 |
| | | | | 13/03/2020 | 999910 | Purchase | 14408884 | 7.68 |
| | | | | 13/03/2020 | (891000) | Sale | 13517884 | 7.20 |
| | | | | 20/03/2020 | 332681 | Purchase | 13850565 | 7.38 |
| | | | | 20/03/2020 | (2132) | Sale | 13848433 | 7.38 |
| | | | | 27/03/2020 | 459720 | Purchase | 14308153 | 7.62 |
| | | | | 27/03/2020 | (161) | Sale | 14307992 | 7.62 |
| | | | | 31/03/2020 | 1219 | Purchase | 14309211 | 7.62 |
| | | 14309211 | 7.62 | 31/03/2020 | | | 14309211 | 7.62 |
| 3 | ICICI PRUDENTIAL SMALLCAP FUND | 58 | 0.00 | 30/03/2019 | | | 58 | 0.00 |
| | | | | 19/04/2019 | 355 | Purchase | 413 | 0.00 |
| | | | | 26/04/2019 | (355) | Sale | 58 | 0.00 |
| | | | | 17/05/2019 | 98 | Purchase | 156 | 0.00 |
| | | | | 24/05/2019 | 49 | Purchase | 205 | 0.00 |
| | | | | 07/06/2019 | 4404 | Purchase | 4609 | 0.00 |
| | | | | 14/06/2019 | 63769 | Purchase | 68378 | 0.04 |
| | | | | 21/06/2019 | 3697 | Purchase | 72075 | 0.04 |
| | | | | 28/06/2019 | 4950 | Purchase | 77025 | 0.04 |
| | | | | 05/07/2019 | 80049 | Purchase | 157074 | 0.08 |
| | | | | 12/07/2019 | 2581 | Purchase | 159655 | 0.09 |
| | | | | 19/07/2019 | 148646 | Purchase | 308301 | 0.16 |
| | | | | 26/07/2019 | 1718666 | Purchase | 2026967 | 1.08 |
| | | | | 02/08/2019 | 7635 | Purchase | 2034602 | 1.08 |
| | | | | 09/08/2019 | 330906 | Purchase | 2365508 | 1.26 |
| | | | | 16/08/2019 | 152987 | Purchase | 2518495 | 1.34 |
| | | | | 23/08/2019 | 128346 | Purchase | 2646841 | 1.41 |
| | | | | 30/08/2019 | 335277 | Purchase | 2982118 | 1.59 |
| | | | | 06/09/2019 | 105374 | Purchase | 3087492 | 1.64 |
| | | | | 20/09/2019 | 68747 | Purchase | 3156239 | 1.68 |
| | | | | 27/09/2019 | 73 | Purchase | 3156312 | 1.68 |
| | | | | 30/09/2019 | 47 | Purchase | 3156359 | 1.68 |
| | | | | 04/10/2019 | 47 | Purchase | 3156406 | 1.68 |
| | | | | 11/10/2019 | 47 | Purchase | 3156453 | 1.68 |
| | | | | 18/10/2019 | 7 | Purchase | 3156460 | 1.68 |
| | | | | 25/10/2019 | 47 | Purchase | 3156507 | 1.68 |
| | | | | 01/11/2019 | 1 | Purchase | 3156508 | 1.68 |
| | | | | 15/11/2019 | 748 | Purchase | 3157256 | 1.68 |
| | | | | 15/11/2019 | (1791) | Sale | 3155465 | 1.68 |
| | | | | 22/11/2019 | 47 | Purchase | 3155512 | 1.68 |
| | | | | 22/11/2019 | (2189) | Sale | 3153323 | 1.68 |
| | | | | 20/12/2019 | (1851) | Sale | 3151472 | 1.68 |
| | | | | 27/12/2019 | 40 | Purchase | 3151512 | 1.68 |
| | | | | 10/01/2020 | 47 | Purchase | 3151559 | 1.68 |
| | | | | 17/01/2020 | 5742 | Purchase | 3157301 | 1.68 |
| | | | | 24/01/2020 | 39733 | Purchase | 3197034 | 1.70 |
| | | | | 31/01/2020 | 73989 | Purchase | 3271023 | 1.74 |
| | | | | 07/02/2020 | 62586 | Purchase | 3333609 | 1.78 |
| | | | | 14/02/2020 | 12765 | Purchase | 3346374 | 1.78 |
| | | | | 14/02/2020 | (23) | Sale | 3346351 | 1.78 |
| | | | | 28/02/2020 | 10252 | Purchase | 3356603 | 1.79 |
| | | | | 06/03/2020 | 50120 | Purchase | 3406723 | 1.81 |
| | | | | 13/03/2020 | 18469 | Purchase | 3425192 | 1.82 |
| | | | | 20/03/2020 | 117964 | Purchase | 3543156 | 1.89 |
| | | | | 27/03/2020 | 254788 | Purchase | 3797944 | 2.02 |
| | | | | 31/03/2020 | 214924 | Purchase | 4012868 | 2.14 |
| | | 4012868 | 2.14 | 31/03/2020 | | | 4012868 | 2.14 |
| 4 | GAGANDEEP CREDIT CAPITAL PVT LTD | 3371256 | 1.80 | 30/03/2019 | | | 3371256 | 1.80 |
| | | | | 28/06/2019 | (174000) | Sale | 3197256 | 1.70 |
| | | | | 12/07/2019 | (359819) | Sale | 2837437 | 1.51 |



| SN. | Shareholder's Name | Shareholding at the beginning (01-Apr-2019) / end of the year (31-Mar-2020) | | Date | Increase/ Decrease in share holding | Reason | Cumulative shareholding during the year (01-Apr-2019 to 31-Mar-2020) | |
|-----|---|---|----------------------------------|------------|-------------------------------------|-------------|--|----------------------------------|
| | | No. of shares | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| | | | | 19/07/2019 | (40181) | Sale | 2797256 | 1.49 |
| | | | | 26/07/2019 | (26738) | Sale | 2770518 | 1.48 |
| | | | | 02/08/2019 | (373) | Sale | 2770145 | 1.48 |
| | | | | 23/08/2019 | (270356) | Sale | 2499789 | 1.33 |
| | | | | 30/08/2019 | (604) | Sale | 2499185 | 1.33 |
| | | | | 22/11/2019 | (146000) | Sale | 2353185 | 1.25 |
| | | | | 31/01/2020 | (375342) | Sale | 1977843 | 1.05 |
| | | | | 07/02/2020 | (478658) | Sale | 1499185 | 0.80 |
| | | | | 14/02/2020 | (42920) | Sale | 1456265 | 0.78 |
| | | | | 21/02/2020 | (3371) | Sale | 1452894 | 0.77 |
| | | | | 28/02/2020 | (2421) | Sale | 1450473 | 0.77 |
| | | | | 13/03/2020 | (26306) | Sale | 1424167 | 0.76 |
| | | | | 20/03/2020 | (3036) | Sale | 1421131 | 0.76 |
| | | | | 27/03/2020 | (14724) | Sale | 1406407 | 0.75 |
| | | | | 31/03/2020 | (475) | Sale | 1405932 | 0.75 |
| | | 1405932 | 0.75 | 31/03/2020 | | | 1405932 | 0.75 |
| 5 | FRANKLIN INDIA EQUITY HYBRID FUND | 3232219 | 1.72 | 30/03/2019 | | | 3232219 | 1.72 |
| | | | | 13/12/2019 | 6072430 | Purchase | 9304649 | 4.96 |
| | | | | 13/12/2019 | (2950758) | Sale | 6353891 | 3.38 |
| | | | | 20/12/2019 | 281461 | Purchase | 6635352 | 3.53 |
| | | | | 20/12/2019 | (281461) | Sale | 6353891 | 3.38 |
| | | | | 17/01/2020 | (50000) | Sale | 6303891 | 3.36 |
| | | | | 31/03/2020 | 50000 | Purchase | 6353891 | 3.38 |
| | | 6353891 | 3.38 | 31/03/2020 | | | 6353891 | 3.38 |
| 6 | LIFE INSURANCE CORPORATION OF INDIA | 2936046 | 1.56 | 30/03/2019 | | no movement | 2936046 | 1.56 |
| | | | | 31/03/2020 | | | 2936046 | 1.56 |
| 7 | UTI (MULTI ASSET FUND) | 2925027 | 1.56 | 30/03/2019 | | | 2925027 | 1.56 |
| | | | | 05/04/2019 | (120027) | Sale | 2805000 | 1.49 |
| | | | | 19/04/2019 | (100000) | Sale | 2705000 | 1.44 |
| | | | | 03/05/2019 | (347500) | Sale | 2357500 | 1.26 |
| | | | | 10/05/2019 | (425365) | Sale | 1932135 | 1.03 |
| | | | | 09/08/2019 | (100000) | Sale | 1832135 | 0.98 |
| | | | | 16/08/2019 | (150000) | Sale | 1682135 | 0.90 |
| | | | | 30/08/2019 | (137523) | Sale | 1544612 | 0.82 |
| | | | | 06/09/2019 | (184002) | Sale | 1360610 | 0.72 |
| | | | | 13/09/2019 | (34161) | Sale | 1326449 | 0.71 |
| | | | | 20/09/2019 | (558043) | Sale | 768406 | 0.41 |
| | | | | 22/11/2019 | (100000) | Sale | 668406 | 0.36 |
| | | 668406 | 0.36 | 31/03/2020 | | | 668406 | 0.36 |
| 8 | THE BANK OF NEW YORK MELLON | 2862253 | 1.52 | 30/03/2019 | | | 2862253 | 1.52 |
| | | | | 02/08/2019 | (1000000) | Sale | 1862253 | 0.99 |
| | | | | 30/08/2019 | (1000000) | Sale | 862253 | 0.46 |
| | | | | 31/01/2020 | (838793) | Sale | 23460 | 0.01 |
| | | 23460 | 0.01 | 31/03/2020 | | | 23460 | 0.01 |
| 9 | TOYOTA TSUSHO CORPORATION | 2700000 | 1.44 | 30/03/2019 | | | 2700000 | 1.44 |
| | | | | 31/03/2020 | | | 2700000 | 1.44 |
| 10 | SHAMYAK INVESTMENT PRIVATE LIMITED | 2348880 | 1.25 | 30/03/2019 | | | 2348880 | 1.25 |
| | | | | 19/04/2019 | (500000) | Sale | 1848880 | 0.99 |
| | | | | 26/04/2019 | (500000) | Sale | 1348880 | 0.72 |
| | | | | 06/12/2019 | (200000) | Sale | 1148880 | 0.61 |
| | | | | 20/12/2019 | (200000) | Sale | 948880 | 0.51 |
| | | | | 03/01/2020 | (348880) | Sale | 600000 | 0.32 |
| | | | | 17/01/2020 | (500000) | Sale | 100000 | 0.05 |
| | | 100000 | 0.05 | 31/03/2020 | | | 100000 | 0.05 |
| 11 | ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C | 1934000 | 1.03 | 30/03/2019 | | | 1934000 | 1.03 |
| | | | | 05/04/2019 | 66000 | Purchase | 2000000 | 1.07 |
| | | | | 12/04/2019 | 10000 | Purchase | 2010000 | 1.07 |
| | | | | 26/04/2019 | 322000 | Purchase | 2332000 | 1.24 |
| | | | | 26/04/2019 | (300000) | Sale | 2032000 | 1.08 |
| | | | | 03/05/2019 | 7611 | Purchase | 2039611 | 1.09 |
| | | | | 10/05/2019 | 40400 | Purchase | 2080011 | 1.11 |
| | | | | 17/05/2019 | 19989 | Purchase | 2100000 | 1.12 |
| | | | | 24/05/2019 | 76428 | Purchase | 2176428 | 1.16 |
| | | | | 31/05/2019 | 13300 | Purchase | 2189728 | 1.17 |

| SN. | Shareholder's Name | Shareholding at the beginning (01-Apr-2019) / end of the year (31-Mar-2020) | | Date | Increase/ Decrease in share holding | Reason | Cumulative shareholding during the year (01-Apr-2019 to 31-Mar-2020) | |
|-----|---|---|-------------------------------------|------------|---|----------|--|-------------------------------------|
| | | No. of shares | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| | | | | 14/06/2019 | 10272 | Purchase | 2200000 | 1.17 |
| | | | | 21/06/2019 | 53600 | Purchase | 2253600 | 1.20 |
| | | | | 28/06/2019 | 28000 | Purchase | 2281600 | 1.22 |
| | | | | 05/07/2019 | 118400 | Purchase | 2400000 | 1.28 |
| | | | | 12/07/2019 | 26011 | Purchase | 2426011 | 1.29 |
| | | | | 12/07/2019 | (46300) | Sale | 2379711 | 1.27 |
| | | | | 19/07/2019 | 70289 | Purchase | 2450000 | 1.31 |
| | | | | 26/07/2019 | 64755 | Purchase | 2514755 | 1.34 |
| | | | | 09/08/2019 | 49200 | Purchase | 2563955 | 1.37 |
| | | | | 30/08/2019 | 32976 | Purchase | 2596931 | 1.38 |
| | | | | 06/09/2019 | 44073 | Purchase | 2641004 | 1.41 |
| | | | | 13/09/2019 | 14600 | Purchase | 2655604 | 1.41 |
| | | | | 20/09/2019 | 19396 | Purchase | 2675000 | 1.43 |
| | | | | 27/09/2019 | 105067 | Purchase | 2780067 | 1.48 |
| | | | | 30/09/2019 | 506 | Purchase | 2780573 | 1.48 |
| | | | | 04/10/2019 | 109366 | Purchase | 2889939 | 1.54 |
| | | | | 11/10/2019 | 38007 | Purchase | 2927946 | 1.56 |
| | | | | 18/10/2019 | 62560 | Purchase | 2990506 | 1.59 |
| | | | | 25/10/2019 | 65000 | Purchase | 3055506 | 1.63 |
| | | | | 01/11/2019 | 35000 | Purchase | 3090506 | 1.65 |
| | | | | 15/11/2019 | 10300 | Purchase | 3100806 | 1.65 |
| | | | | 22/11/2019 | 15700 | Purchase | 3116506 | 1.66 |
| | | | | 29/11/2019 | 49358 | Purchase | 3165864 | 1.69 |
| | | | | 06/12/2019 | 15028 | Purchase | 3180892 | 1.69 |
| | | | | 06/12/2019 | (95000) | Sale | 3085892 | 1.64 |
| | | | | 13/12/2019 | (105000) | Sale | 2980892 | 1.59 |
| | | | | 20/12/2019 | 9614 | Purchase | 2990506 | 1.59 |
| | | | | 20/12/2019 | (100000) | Sale | 2890506 | 1.54 |
| | | | | 27/12/2019 | 63000 | Purchase | 2953506 | 1.57 |
| | | | | 03/01/2020 | 9000 | Purchase | 2962506 | 1.58 |
| | | | | 03/01/2020 | (50) | Sale | 2962456 | 1.58 |
| | | | | 10/01/2020 | (97500) | Sale | 2864956 | 1.53 |
| | | | | 17/01/2020 | (152450) | Sale | 2712506 | 1.45 |
| | | | | 24/01/2020 | 10000 | Purchase | 2722506 | 1.45 |
| | | | | 24/01/2020 | (250000) | Sale | 2472506 | 1.32 |
| | | | | 31/01/2020 | 540000 | Purchase | 3012506 | 1.60 |
| | | | | 07/02/2020 | 300000 | Purchase | 3312506 | 1.76 |
| | | | | 07/02/2020 | (44869) | Sale | 3267637 | 1.74 |
| | | | | 21/02/2020 | 32231 | Purchase | 3299868 | 1.76 |
| | | | | 28/02/2020 | 10145 | Purchase | 3310013 | 1.76 |
| | | | | 06/03/2020 | 30493 | Purchase | 3340506 | 1.78 |
| | | | | 13/03/2020 | 23469 | Purchase | 3363975 | 1.79 |
| | | | | 20/03/2020 | 51531 | Purchase | 3415506 | 1.82 |
| | | | | 27/03/2020 | 108554 | Purchase | 3524060 | 1.88 |
| | | | | 27/03/2020 | (200000) | Sale | 3324060 | 1.77 |
| | | | | 31/03/2020 | 25000 | Purchase | 3349060 | 1.78 |
| | | 3349060 | 1.78 | 31/03/2020 | | | 3349060 | 1.78 |
| 12 | HSBC GLOBAL INVESTMENT FUNDS - INDIAN EQUITY | 920735 | 0.49 | 30/03/2019 | | | 920735 | 0.49 |
| | | | | 05/04/2019 | 412631 | Purchase | 1333366 | 0.71 |
| | | | | 31/05/2019 | 45000 | Purchase | 1378366 | 0.73 |
| | | | | 25/10/2019 | 111071 | Purchase | 1489437 | 0.79 |
| | | | | 13/12/2019 | 95559 | Purchase | 1584996 | 0.84 |
| | | | | 20/12/2019 | 240000 | Purchase | 1824996 | 0.97 |
| | | | | 03/01/2020 | 43495 | Purchase | 1868491 | 1.00 |
| | | | | 31/01/2020 | 38501 | Purchase | 1906992 | 1.02 |
| | | 1906992 | 1.02 | 31/03/2020 | | | 1906992 | 1.02 |
| 13 | KOTAK EQUITY OPPORTUNITIES FUND | 1228407 | 0.65 | 30/03/2019 | | | 1228407 | 0.65 |
| | | | | 12/07/2019 | 150000 | Purchase | 1378407 | 0.73 |
| | | | | 08/11/2019 | 200000 | Purchase | 1578407 | 0.84 |
| | | 1578407 | 0.84 | 31/03/2020 | | | 1578407 | 0.84 |



| SN. | Shareholder's Name | Shareholding at the beginning (01-Apr-2019) / end of the year (31-Mar-2020) | | Date | Increase/ Decrease in share holding | Reason | Cumulative shareholding during the year (01-Apr-2019 to 31-Mar-2020) | |
|-----|---------------------------------|---|----------------------------------|------------|-------------------------------------|----------|--|----------------------------------|
| | | No. of shares | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| 14 | ANTARA INDIA EVERGREEN FUND LTD | 1029207 | 0.55 | 30/03/2019 | | | 1029207 | 0.55 |
| | | | | 26/04/2019 | (668000) | Sale | 361207 | 0.19 |
| | | | | 17/05/2019 | (200000) | Sale | 161207 | 0.09 |
| | | | | 18/10/2019 | (10512) | Sale | 150695 | 0.08 |
| | | | | 25/10/2019 | (7000) | Sale | 143695 | 0.08 |
| | | | | 01/11/2019 | (4885) | Sale | 138810 | 0.07 |
| | | | | 15/11/2019 | (7839) | Sale | 130971 | 0.07 |
| | | | | 22/11/2019 | (44566) | Sale | 86405 | 0.05 |
| | | | | 13/12/2019 | (13682) | Sale | 72723 | 0.04 |
| | | | | 20/12/2019 | (23096) | Sale | 49627 | 0.03 |
| | | | | 27/12/2019 | (49627) | Sale | 0 | 0.00 |
| | | | | 31/01/2020 | 838793 | Purchase | 838793 | 0.45 |
| | | | | 27/03/2020 | 490000 | Purchase | 1328793 | 0.71 |
| | | | | 31/03/2020 | 509111 | Purchase | 1837904 | 0.98 |
| | | | | 31/03/2020 | (263208) | Sale | 1574696 | 0.84 |
| | | 1574696 | 0.84 | 31/03/2020 | | | 1574696 | 0.84 |

v) Shareholding of Directors and Key Managerial Personnel (KMP)

| SN. | For each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | Mr. M M Murugappan, Non-Executive Director | | | | |
| | At the beginning of the year | 842405 | 0.45 | - | - |
| | Date-wise increase / decrease in shareholding during the year | - | - | - | - |
| | At the end of the year | 842405 | 0.45 | 842405 | 0.45 |
| 2 | Ms. Shubhalakshmi Panse, Independent Director[®] | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date-wise increase / decrease in shareholding during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 3 | Mr. Ashok Kumar Barat, Independent Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date-wise increase / decrease in shareholding during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 4 | Mr. B Ramaratnam, Independent Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date-wise increase / decrease in shareholding during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 5 | Ms. Vasudha Sundararaman, Independent Director[*] | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date-wise increase / decrease in shareholding during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 6 | Mr. Sridharan Rangarajan, Non-Executive Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date-wise increase / decrease in shareholding during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 7 | Mr. V Ravichandran, Non-Executive Director | | | | |
| | At the beginning of the year | 4951 | 0.002 | - | - |
| | Date-wise increase / decrease in shareholding during the year | - | - | - | - |
| | At the end of the year | 4951 | 0.002 | 4951 | 0.002 |

| SN. | For each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---------------------------------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| Key Managerial Personnel | | | | | |
| 8 | Mr. N Ganesh, Manager & Chief Financial Officer | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date-wise increase / decrease in shareholding during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 9 | Ms. E Krithika, Company Secretary | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date-wise increase / decrease in shareholding during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |

@ Resigned on November 20, 2019

* Appointed from February 12, 2020

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (₹ in Crore)

| Particulars | Secured | Unsecured | Deposits | Total Indebtedness |
|---|---------|---------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | - | - | - | - |
| i) Principal Amount ¹ | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| i) Addition | - | 199.31 | - | 199.31 |
| ii) Reduction | - | - | - | - |
| Net Change Indebtedness at the end of the financial year | - | 199.31 | - | 199.31 |
| i) Principal Amount ² | - | 199.31 | - | 199.31 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 1.32 | - | 1.32 |
| Total (i+ii+iii) | - | 200.63 | - | 200.63 |
| ¹ Net of unamortised charges | - | - | - | - |
| ² Net of unamortised charges | - | 0.69 | - | 0.69 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Manager

(₹ in Crore)

| SN. | Particulars of Remuneration | Manager |
|-----|---|-------------|
| 1 | Gross Salary | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | - |
| | (b) Value of perquisites under Section 17(2) of Income-tax Act, 1961 | - |
| | (c) Profits in lieu of salary under Section 17(3) of Income tax Act, 1961 | - |
| 2 | Stock Option | - |
| 3 | Sweat Equity | - |
| 4 | Commission - as % of Profit - others, specify | - |
| 5 | Others (deputation cost)* | 0.80 |
| | Total (A) | 0.80 |
| | Overall Ceiling as per the Act | 4.39 |

* Represents cost of deputation paid / payable to Cholamandalam Investment & Finance Company Limited (includes remuneration as CFO)


B. Remuneration to the other Directors

(₹ in Crore)

| Particulars of Remuneration | Name of the Director | | | | Total Amount |
|--|--------------------------------------|--------------------------|--------------------|---------------------------|--------------|
| | Ms. Shubhalakshmi Panse [®] | Mr. Ashok Kumar Barat | Mr. B Ramaratnam | Ms. Vasudha Sundararaman* | |
| Fees for attending Board/ Committee Meetings | 0.016 | 0.049 | 0.045 | 0.005 | 0.115 |
| Commission [#] | 0.048 | 0.075 | 0.075 | 0.010 | 0.208 |
| Others, please specify | - | - | - | - | - |
| Total (1) | 0.064 | 0.124 | 0.120 | 0.015 | 0.323 |
| Other Non-Executive Directors | Mr. M M Murugappan | Mr. Sridharan Rangarajan | Mr. V Ravichandran | Total Amount | |
| Fees for attending Board/ Committee Meetings | 0.034 | 0.051 | 0.020 | 0.105 | |
| Commission [#] | 0.075 | 0.075 | 0.075 | 0.225 | |
| Others, please specify | - | - | - | - | |
| Total (2) | 0.109 | 0.126 | 0.095 | 0.330 | |
| Total (B) = (1)+(2) | | | | | 0.653 |
| Overall Ceiling as per the Act | | | | | 0.879 |

[®] Resigned on November 20, 2019

^{*} Appointed with effect from February 12, 2020

[#] Commission payable for FY 2019-20

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole-time Director

(₹ in Crore)

| SN. | Particulars of Remuneration | Key Managerial Personnel | | |
|-----|---|--------------------------|-------------------|--------------|
| | | Chief Financial Officer | Company Secretary | Total Amount |
| 1 | Gross Salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | - | 0.23 | 0.23 |
| | (b) Value of perquisites under Section 17(2) of Income tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under Section 17(3) of Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission - as % of Profit - others, specify | - | - | - |
| 5 | Others (deputation cost)* | 0.80 | - | 0.80 |
| | Total | 0.80 | 0.23 | 1.03 |

^{*} Represents cost of deputation paid / payable to Cholamandalam Investment & Finance Company Limited (includes remuneration as Manager)

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the year ended March 31, 2020.

Business Responsibility Report

ANNEXURE G

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| 1 | Corporate Identification Number (CIN) | L65100TN1949PLC002905 | | | | | | |
|----------|---|---|----------|-------|-------------|---|------|---------------------|
| 2 | Name of the Company | Cholamandalam Financial Holdings Limited (Formerly, TI Financial Holdings Limited) | | | | | | |
| 3 | Registered office address | 'Dare House', No. 234, NSC Bose Road, Chennai - 600 001 | | | | | | |
| 4 | Website | www.cholafhl.com | | | | | | |
| 5 | E-mail | investorservices@cfhl.murugappa.com | | | | | | |
| 6 | Financial Year reported | April 1, 2019 to March 31, 2020 | | | | | | |
| 7 | Sector(s) that the Company is engaged in (industrial activity code-wise) | <table border="1"> <thead> <tr> <th>NIC Code</th> <th>Group</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>K</td> <td>6430</td> <td>Investment Activity</td> </tr> </tbody> </table> | NIC Code | Group | Description | K | 6430 | Investment Activity |
| NIC Code | Group | Description | | | | | | |
| K | 6430 | Investment Activity | | | | | | |
| 8 | List three key products/services that the Company manufactures/provides (as in balance sheet) | Investment | | | | | | |
| 9 | Total number of locations where business activity is undertaken by the Company | 1 | | | | | | |
| | (a) Number of International Locations (Provide details of major 5) | Nil | | | | | | |
| | (b) Number of National locations | 1 | | | | | | |
| 10 | Markets served by the Company | National | | | | | | |

SECTION B: FINANCIAL DETAILS OF THE COMPANY

| | | |
|---|---|--------------------------|
| 1 | Paid up capital (INR) | ₹18.77 Crore |
| 2 | Total Turnover (INR) | ₹90.90 Crore |
| 3 | Total profit after taxes (INR) | ₹83.33 Crore |
| 4 | Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | 0.13% |
| 5 | List of activities in which expenditure in 4 above has been incurred | Please refer CSR Report. |

SECTION C: OTHER DETAILS

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



SECTION D: BR INFORMATION

1. Details of Director / Directors responsible for BR:

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

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

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

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

2a. Details of compliance:

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

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

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

3. Governance related to BR

| | | |
|----|---|---|
| a) | Indicate the frequency with which the Board of Directors, committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year. | The BR performance is assessed annually. |
| b) | Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? | Yes. The report is published annually and is available on the website of the Company at http://www.cholafhl.com/article/investors/688 |

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 - Ethics, Transparency & Accountability

| | | |
|----|--|--|
| a) | Does the policy relating to Ethics, Bribery and Corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others? | Yes. The Company being a part of the Murugappa Group, is driven by the Group's guiding principles viz., integrity, passion, quality, respect and responsibility. The Company follows ethics, transparency & accountability in its business conduct. The code of conduct and policies have been framed to reinforce these values. The subsidiary / associate / joint venture companies are governed by their respective policies. |
| b) | How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof. | Nil |



Principle 2 - Safety and sustainability of goods & services

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

Principle 3 - Promotion of wellbeing of employees

| | | |
|----|---|--|
| a) | Please indicate the total number of employees. | 2 |
| b) | Please indicate the total number of employees hired on temporary/contractual/casual basis. | Nil |
| c) | Please indicate the number of permanent women employees. | 1 |
| d) | Please indicate the number of permanent employees with disabilities. | Nil |
| e) | Do you have an employee association that is recognized by management? | No |
| f) | What percentage of your permanent employees is members of this recognized employee association? | Not applicable |
| g) | Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year. | No complaints relating to child labour, forced labour, involuntary labour and sexual harassment were received during the year. |
| h) | What percentage of your employees were given safety & skill up-gradation training in the last year? | Nil |
| | - Permanent Employees (includes women employees and employees with disabilities) | Not applicable |
| | - Casual/Temporary/Contractual Employees | Not applicable |

Principle 4 - Responsiveness towards stakeholders

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

Principle 5 - Promoting human rights

| | | |
|----|--|--|
| a) | Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? | The Company's policy on human rights is imbibed in its values represented in the five lights guiding the Company, its group companies and their employees across all spheres. The alignment with this value system is expected out of every person dealing with the Company. |
| b) | How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? | Nil |

Principle 6 - Protecting the environment

| | | |
|----|---|--|
| a) | Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers/ Contractors/NGOs/others. | The Company being a holding investment company with limited number of employees, it does not have a direct environmental impact. |
| b) | Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming etc.? | No |
| c) | Does the Company identify and assess potential environmental risks? | No |
| d) | Does the Company have any project related to Clean Development mechanism? | Not applicable |
| e) | Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. ? | No |
| f) | Are the emissions/wastes generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported? | Not applicable |
| g) | Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year. | Nil |

Principle 7 - Responsibility towards public and regulatory policy

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



Principle 8 - Supporting inclusive growth and development

| | | |
|----|---|---|
| a) | Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? | Yes. The Company has framed a Corporate Social Responsibility policy (CSR policy). CSR projects / programmes identified in line with the CSR policy are undertaken by the Company. Please refer CSR Report for further details. |
| b) | Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization? | Yes. Please refer CSR Report. |
| c) | Have you done any impact assessment of your initiative? | Impact assessment study is done for major initiatives of the Company. |
| d) | What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken? | Yes. Please refer CSR Report. |
| e) | Have you taken steps to ensure that this community development initiative is successfully adopted by the community? | Initiatives are identified based on the requirement of the community such that the benefits out of them are of an enduring nature like supporting girl children education in rural areas. |

Principle 9 - Providing value to customers & consumers

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited)

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS financial statements of Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited) ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key Audit Matters

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

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

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

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

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

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian



Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope

and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified

as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Ind AS Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements – Refer Note 25 to the Standalone Ind AS Financial Statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Subramanian Suresh**

Partner

Membership Number: 083673

UDIN: 20083673AAAABE2283

Place : Chennai

Date : June 15, 2020



ANNEXURE 1 REFERRED TO IN OUR REPORT OF EVEN DATE

Re: Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited) (“the Company”)

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

- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered

into any non-cash transactions with directors or persons connected with him / her.

- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Subramanian Suresh**

Partner

Membership Number: 083673

Place : Chennai

Date : June 15, 2020

ANNEXURE-2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED (FORMERLY KNOWN AS TI FINANCIAL HOLDINGS LIMITED)

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

To the Members of Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited),

We have audited the internal financial controls over financial reporting of Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited) ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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



established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS Financial Statements.

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

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements and such internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Subramanian Suresh**

Partner

Membership Number: 083673

Place : Chennai

Date : June 15, 2020

Standalone Ind AS Balance Sheet

As at March 31, 2020

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

| Particulars | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|--|----------|-------------------------|-------------------------|
| Assets | | | |
| Financial Assets | | | |
| Cash and Cash Equivalents | 3 | 9.41 | 0.42 |
| Bank balances other than cash and cash equivalents | 3 | 33.86 | 111.33 |
| Investments | 4 | 1,278.35 | 955.70 |
| Other Financial Assets | 5 | 0.02 | - |
| | | 1,321.64 | 1,067.45 |
| Non-Financial Assets | | | |
| Current tax assets (Net) | | 0.05 | 0.01 |
| Deferred Tax Asset (Net) | | 0.34 | 0.26 |
| Intangible Assets | 6 | 0.03 | - |
| Other Non-Financial Assets | 7 | 0.04 | 0.06 |
| | | 0.46 | 0.33 |
| Total Assets | | 1,322.10 | 1,067.78 |
| Equity and Liabilities | | | |
| Financial Liabilities | | | |
| Borrowings (other than debt securities) | 8 | 200.63 | - |
| Other Payables | | | |
| i) Total outstanding dues of micro and small enterprises | | - | - |
| ii) Total outstanding dues of creditors other than micro and small enterprises | | 0.55 | 0.34 |
| Other Financial Liabilities | 9 | 1.91 | 2.25 |
| | | 203.09 | 2.59 |
| Non Financial Liabilities | | | |
| Provisions | 10 | 0.01 | - |
| Non Financial Liabilities | 11 | 0.71 | 0.67 |
| | | 0.72 | 0.67 |
| Equity | | | |
| Equity Share Capital | 12 | 18.77 | 18.77 |
| Other Equity | 13 | 1,099.52 | 1,045.75 |
| Total Equity | | 1,118.29 | 1,064.52 |
| Total Equity And Liabilities | | 1,322.10 | 1,067.78 |
| Summary of Significant Accounting Policies | 2 | | |

The accompanying notes are forming 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

For and on behalf of the Board of Directors

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

Sridharan Rangarajan
Director

M M Murugappan
Chairman

Place : Chennai
Date : June 15, 2020

E Krithika
Company Secretary

N Ganesh
Manager & Chief Financial Officer



Standalone Ind AS Statement of Profit and Loss

For the year ended March 31, 2020

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

| Particulars | Note No. | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|---|----------|------------------------------|------------------------------|
| Revenue from Operations | 14 | | |
| - Interest income | | 6.22 | 6.32 |
| - Dividend income | | 76.59 | 58.09 |
| - Net gain on fair value changes on financial instruments | | 0.01 | 1.16 |
| - Service Income | | 8.06 | 7.93 |
| Total Revenue from operations (I) | | 90.88 | 73.50 |
| Other Income (II) | 15 | 0.02 | 0.02 |
| Total Income (III) = (I)+(II) | | 90.90 | 73.52 |
| Expenses | | | |
| Finance cost | 16 | 1.48 | - |
| Employee Benefits Expense | 17 | 1.03 | 0.91 |
| Depreciation and amortisation expense | 6 | 0.01 | - |
| Other Expenses | 18 | 1.45 | 1.70 |
| Total Expense (IV) | | 3.97 | 2.61 |
| Profit Before Tax (V) = (III) - (IV) | | 86.93 | 70.91 |
| Income Tax | | | |
| - Current Tax | 26 | 3.60 | 4.38 |
| Net tax expense (VI) | | 3.60 | 4.38 |
| Profit for the year (VII) = (V) - (VI) | | 83.33 | 66.53 |
| Other Comprehensive income: | | | |
| Items that will not be reclassified to statement of profit and loss | | | |
| Net (loss)/gain in Fair value on Equity Instruments at Fair Value Through Other Comprehensive Income (FVTOCI) | | (0.69) | (0.77) |
| Income tax effect of above items | | 0.08 | 0.09 |
| Other Comprehensive income/(loss) for the year, net of tax (VIII) | | (0.61) | (0.68) |
| Total Comprehensive income for the year, net of tax (VII + VIII) | | 82.72 | 65.85 |
| Earnings per Equity Share of ₹1 each | | | |
| Basic | | 4.44 | 3.55 |
| Diluted | | 4.44 | 3.55 |
| Summary of Significant Accounting Policies | 2 | | |

The accompanying notes are forming 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

Place : Chennai

Date : June 15, 2020

Sridharan Rangarajan

Director

E Krithika

Company Secretary

For and on behalf of the Board of Directors

M M Murugappan

Chairman

N Ganesh

Manager & Chief Financial Officer

Standalone Ind AS Statement of Changes in Other Equity

For the year ended March 31, 2020

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

a) Equity Share Capital (Refer Note 12)

| | |
|--|--------------|
| Balances as on April 1, 2018 | 18.75 |
| Add: Issue of share capital | 0.02 |
| Balances as on April 1, 2019 | 18.77 |
| Add: Issue of share capital (₹23796 added during the year) | 0.00 |
| Balances as on March 31, 2020 | 18.77 |

b) Other Equity (Refer Note 13)

| Particulars | Share application money pending allotment | Reserve and Surplus | | | | Other Comprehensive income | Total attributable to equity holders |
|---|---|---------------------|-----------------|----------------------------|--------------------|----------------------------|--------------------------------------|
| | | Statutory Reserve | Capital Reserve | Capital Redemption Reserve | Securities Premium | | |
| Opening Balance as at April 01, 2018 | - | 19.20 | 19.97 | 6.15 | 199.72 | 407.30 | 1,000.78 |
| Profit for the year | - | - | - | - | - | 66.53 | 66.53 |
| Other Comprehensive Income for the year, net of income tax | - | - | - | - | - | - | (0.68) |
| Addition during the year | 0.30 | - | - | - | 4.88 | - | 5.18 |
| Dividend | - | - | - | - | - | (23.45) | (23.45) |
| Dividend Distribution Tax | - | - | - | - | - | (2.61) | (2.61) |
| Transfer to reserves from retained earnings during the year | - | 13.31 | - | - | - | (13.31) | - |
| Closing balance as at March 31, 2019 | 0.30 | 32.51 | 19.97 | 6.15 | 204.60 | 434.46 | 1,045.75 |
| Profit for the year | - | - | - | - | - | 83.33 | 83.33 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | (0.61) |
| Dividend | - | - | - | - | - | (24.40) | (24.40) |
| Dividend Distribution Tax | - | - | - | - | - | (5.02) | (5.02) |
| Allotment of shares against application money received | (0.30) | - | - | - | - | - | (0.30) |
| Addition during the year | - | - | - | - | 0.77 | - | 0.77 |
| Transfer to reserves from retained earnings during the year | - | 16.67 | - | - | - | (16.67) | - |
| Closing balance as at March 31, 2020 | - | 49.18 | 19.97 | 6.15 | 205.37 | 471.70 | 1,099.52 |

Summary of Significant Accounting Policies - Note 2

The accompanying notes are forming 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

Place : Chennai

Date : June 15, 2020

Sridharan Rangarajan

Director

E Krithika

Company Secretary

For and on behalf of the Board of Directors

M M Murugappan

Chairman

N Ganesh

Manager & Chief Financial Officer



Standalone Ind AS Cash Flow Statement

For the year ended March 31, 2020

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

| Particulars | Year ended March 31, 2020 | | Year ended March 31, 2019 | |
|--|------------------------------|-----------------|------------------------------|----------------|
| Cash Flow from Operating Activities | | | | |
| Profit Before Tax | | 86.93 | | 70.91 |
| Adjustments for: | | | | |
| Finance Costs | 1.48 | | - | |
| Net gain on fair value changes on financial instruments at Fair Value Through Statement of Profit and Loss ('FVTPL') | (0.01) | | (1.16) | |
| Depreciation and amortisation expense | 0.01 | | - | |
| Interest income on Deposits | (6.22) | | (6.32) | |
| | | (4.74) | | (7.48) |
| Operating Profit Before Working Capital Changes | | 82.19 | | 63.43 |
| Adjustments for: | | | | |
| (Increase)/Decrease in operating Assets | | | | |
| - Financial Assets | (0.02) | | 0.04 | |
| - Non Financial Assets | 0.02 | | 0.01 | |
| - Investment in Bank Fixed Deposits / Unpaid dividend accounts (net of withdrawals) | 76.22 | | (84.16) | |
| - Investment in Subsidiaries | (324.26) | | (39.82) | |
| - Investment in Financial Instruments at FVTPL | (0.35) | | (68.66) | |
| - Proceeds from Sale of Financial Instruments at FVTPL | 1.29 | (247.10) | 94.19 | (98.40) |
| Increase/(Decrease) in operating liabilities | | | | |
| - Financial Liabilities | 0.01 | | 0.05 | |
| - Trade Payables | 0.21 | | (0.02) | |
| - Non Financial Liabilities | 0.04 | | 0.20 | |
| - Provisions | 0.01 | 0.27 | - | 0.23 |
| Cash Flow generated / (used) in Operations | | (164.64) | | (34.74) |
| Interest Received on Bank Deposits | 7.48 | | 5.22 | |
| Income taxes paid | (3.66) | 3.82 | (4.37) | 0.85 |
| Net Cash generated / (used) in Operating Activities (A) | | (160.82) | | (33.89) |

Standalone Ind AS Cash Flow Statement

As at March 31, 2020

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

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Cash Flow from Investing Activities | | |
| Purchase of intangible asset | (0.04) | - |
| Net Cash used in Investing Activities (B) | (0.04) | - |
| Cash Flow from Financing Activities | | |
| Borrowings other than debt securities at amortised cost | 199.15 | - |
| Proceeds from issue of Share Capital (Including Securities Premium and Share application money received) | 0.47 | 5.20 |
| Dividends Paid (Including Distribution Tax and Unpaid dividends pertaining to earlier periods) | (29.77) | (25.96) |
| Net Cash from / (used) in Financing Activities (C) | 169.85 | (20.76) |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | 8.99 | (54.65) |
| Cash and Cash Equivalents at the Beginning of the Year (Refer Note 3) | 0.42 | 55.07 |
| Cash and Cash Equivalents at the End of the Year (Refer Note 3) | 9.41 | 0.42 |

Summary of Significant Accounting Policies - Note 2

The accompanying notes are forming 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

For and on behalf of the Board of Directors

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

Sridharan Rangarajan
Director

M M Murugappan
Chairman

Place : Chennai
Date : June 15, 2020

E Krithika
Company Secretary

N Ganesh
Manager & Chief Financial Officer



Notes to Standalone Ind AS Financial Statements

1. Background and Corporate Information

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

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

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

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

The standalone financial statements were authorised for issue in accordance with a resolution of the directors on June 15, 2020.

1.1 Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with Indian

Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

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

The regulatory disclosures as required by Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 to be included as a part of the Notes to Accounts are prepared based on Ind AS financial statements in line with RBI notification dated March 13, 2020. Refer Note 31 for the disclosures.

1.2 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 20 to the financial statements.

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

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

1.3 Standards issued and effective for the year ended March 31, 2020

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Ind AS 116 superseded Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 For

Notes to Standalone Ind AS Financial Statements

determining whether an arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions involving the Legal Form of a Lease) were considered. This new standard sets out the principles for recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Balance Sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116, with the date of initial application being April 1, 2019. The Company elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short term leases). The Company has not applied the exemption granted for lease of low-value assets.

The adoption of new lease standard, Ind AS 116, did not have impact in the financial statements of the Company.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

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

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

- How an entity considers changes in facts and circumstances

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

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

1.4 COVID-19 Impact

The COVID-19 pandemic has resulted in a significant decrease in economic activity across the country. The Government of India and the respective State Governments announced a strict lockdown to contain the spread of the virus which was further extended twice across the nation with some relaxations in specific areas. This has had a consequential impact on the regular operations of the company's material subsidiary companies. Our assessment based on estimates and judgments considering available information does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date. However, considering the inherent uncertainty regarding the severity and duration of the pandemic, the actual impact could be different from these estimates. Further, the impact assessment as on date with the available information does not indicate any adverse impact on the ability of the Company or its subsidiaries to continue as a going concern.

2. Significant accounting policies

2.1 Financial instruments – initial recognition

2.1.1 Date of recognition

Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument.



Notes to Standalone Ind AS Financial Statements

2.1.2 Initial measurement of financial instruments

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

2.1.3 Measurement categories of financial assets and liabilities

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

- Amortised cost,
- FVTPL,
- FVTOCI

2.2 Financial assets and liabilities

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

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

- The financial asset is held within a business model with the objective to hold financial assets 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.

2.2.2 Business model assessment

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

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher

level of aggregated portfolios and is based on observable factors such as:

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

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

2.2.3 The SPPI Test

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

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

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

Notes to Standalone Ind AS Financial Statements

make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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

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

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

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

2.4 Borrowed funds (other than Debt securities)

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

2.5 Derecognition of financial assets and liabilities

2.5.1 Financial assets

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

2.5.2 Financial liabilities

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

2.6 Recognition of Income

A. Revenue (other than interest income and dividend income covered by Ind AS 109 - Financial Instruments) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

B. The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

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



Notes to Standalone Ind AS Financial Statements

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

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

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

2.6.1 Brand fee

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

Interest income and dividend income covered by Ind AS 109.

2.6.2 Interest income

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

2.6.3 Dividend Income

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

2.7 Taxes

2.7.1 Current tax

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

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

2.7.2 Deferred Tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from

Notes to Standalone Ind AS Financial Statements

the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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

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

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

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

2.8 Share Based Payments

Stock options are granted to the employees of the Resulting Company under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the Company are

measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Company and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees. The compensation cost related to the Stock options allotted are being accounted for by the Resulting Company.

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

2.9 Provisions and Contingent Liabilities

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

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

2.10 Dividends on ordinary shares

The Company recognises a liability to make cash distributions to equity holders of the Company when



Notes to Standalone Ind AS Financial Statements

the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.11 Determination of Fair value

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

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

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

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

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

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

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

hierarchy of valuation techniques, as summarised below:

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

Notes to Standalone Ind AS Financial Statements

2.12 Equity Investment in Subsidiaries and Joint Ventures

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

| Particulars | Relationship | Country of Incorporation | Proportion of ownership as at March 31, 2020 |
|--|---------------|--------------------------|--|
| Cholamandalam Investment and Finance Company Limited | Subsidiary | India | 45.50% |
| Cholamandalam MS General Insurance Company Limited | Subsidiary | India | 60.00% |
| Cholamandalam Health Insurance Limited | Subsidiary | India | 99.86% |
| Cholamandalam MS Risk Services Limited | Joint Venture | India | 49.50% |

2.13 Cash and Cash Equivalents

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

2.14 Cash Flow Statement

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

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

2.15 Goods and Service Tax (GST) Input Credit

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

2.16 Intangible Assets

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

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

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

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

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised



Notes to Standalone Ind AS Financial Statements

in the statement of profit or loss when the asset is derecognised.

2.17 Impairment of Non- Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

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

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

2.18 Leases

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

Company as a lessee

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

a. Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the

Notes to Standalone Ind AS Financial Statements

commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

b. Lease Liabilities

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

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

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

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

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



Notes to Standalone Ind AS Financial Statements

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

Note 3 - Cash and Cash Equivalents

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Balances with banks: | | |
| – In Current Accounts | 0.07 | 0.42 |
| – In Deposit Accounts - with original maturity of less than 3 months | 9.34 | - |
| Total | 9.41 | 0.42 |
| Bank balances other than cash and cash equivalents | | |
| – In Deposit Accounts | | |
| – Original maturity more than 3 months | 21.23 | 109.07 |
| – Original maturity more than 3 months (under lien - as a collateral towards interest obligation on borrowings - Refer Note 8) | 10.73 | - |
| – In Unpaid dividend accounts | 1.90 | 2.26 |
| Total | 33.86 | 111.33 |

Note 4 - Investments

| Particulars | Number | | Amount | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Investments at Cost: | | | | |
| I. Investments-Equity | | | | |
| Investment in Subsidiary Companies at Cost | | | | |
| Equity Shares (Fully Paid) - Quoted | | | | |
| Cholamandalam Investment and Finance Company Limited (Refer Note 23) | 37,28,85,889 | 7,25,33,019 | 1,009.91 | 685.65 |
| (Face value has been converted to ₹2 per share from ₹10 per share on June 18,2019) | | | | |
| (Addition during the year- 1,02,20,794 shares) | | | | |
| Equity Shares (Fully Paid) - Unquoted | | | | |
| Cholamandalam MS General Insurance Company Limited (Face value of ₹10 per share) | 17,92,82,861 | 17,92,82,861 | 265.24 | 265.24 |
| Cholamandalam Health Insurance Limited (Face value of ₹10 per share) | 49,940 | 49,940 | 0.05 | 0.05 |
| Investment in Joint Venture at cost | | | | |
| Equity Shares (Fully Paid) - Unquoted | | | | |
| Cholamandalam MS Risk Services Limited (Face value of ₹10 per share) | 9,89,979 | 9,89,979 | 0.99 | 0.99 |
| Investments at Fair Value Through Other Comprehensive Income (FVTOCI): | | | | |

Notes to Standalone Ind AS Financial Statements

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

| Particulars | Number | | Amount | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Equity Shares (Fully Paid) - Quoted | | | | |
| Coromandel Engineering Co. Ltd. (Face value of ₹10 per share) | 4,33,481 | 4,33,481 | 0.51 | 1.24 |
| Carborundum Universal Limited (Face value of ₹10 per share) | 6,000 | 6,000 | 0.13 | 0.25 |
| Kartik Investments Trust Limited (Face value of ₹10 per share) | 33,790 | 33,790 | 0.04 | 0.04 |
| Equity Shares (Fully Paid) - Unquoted | | | | |
| Murugappa Management Services Limited (Face value of ₹10 per share) | 42,677 | 42,677 | 1.48 | 1.32 |
| Indo Oceanic Shipping Company Limited (Cost ₹1 only) (Refer Note 2) | - | 50,000 | - | - |
| Chennai Willingdon Corporate Foundation (Cost ₹100 only) (Refer Note 2) | - | 10 | - | - |
| Total Investments Equity (I) | | | 1,278.35 | 954.78 |

Notes:

- The Company has designated its equity investments as FVTOCI on the basis that these are not held for trading and held for strategic purposes.
- The Company has written off these investments during the year.
- All investments represented above are made in India.

Investments-Mutual Fund Units

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Unquoted securities (FVTPL) | | |
| Aditya Birla Sunlife Cash plus-Growth-Direct Plan | - | 0.92 |
| Total Investments in Mutual Fund (II) | - | 0.92 |
| Total Investments - I + II | 1,278.35 | 955.70 |
| (i) Market Value of Quoted investment in Subsidiary | 5,699.56 | 10,534.70 |
| (ii) Cost of quoted investment in Subsidiary | 1,009.91 | 685.65 |
| (iii) Cost of unquoted investment in Subsidiary and Joint Venture | 266.28 | 266.28 |
| (iv) Market Value of Quoted investments - Investment at FVTOCI | 0.68 | 1.53 |
| (v) Cost of Quoted investments - Investment at FVTOCI | 0.86 | 0.86 |
| (vi) Cost of Unquoted investments - Investment at FVTOCI | 0.78 | 0.78 |



Notes to Standalone Ind AS Financial Statements

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

Note 5 - Other Financial assets

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Unsecured - considered good (unless otherwise stated) | | |
| At amortised cost | | |
| Other receivable | 0.02 | - |
| Total | 0.02 | - |

Note 6 - Intangible Assets

| Particulars | Computer Software |
|---|-------------------|
| Gross carrying amount as at March 31, 2018 | - |
| Additions | - |
| Disposals | - |
| Gross carrying amount as at March 31, 2019 | - |
| Additions | 0.04 |
| Disposals | - |
| Gross carrying amount as at March 31, 2020 | 0.04 |
| Accumulated Amortisation and impairment | |
| Balance as at March 31, 2018 | - |
| Amortisation for the year | - |
| Amortisation on disposals | - |
| Balance as at March 31, 2019 | - |
| Amortisation for the year | 0.01 |
| Amortisation on disposals | - |
| Accumulated amortisation and impairment as at March 31, 2020 | 0.01 |
| Net Written down Value as at March 31, 2020 | 0.03 |

Note 7 - Other Non Financial Assets

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Unsecured - considered good (unless otherwise stated) | | |
| Prepaid expenses | 0.02 | 0.02 |
| Others | 0.02 | 0.04 |
| Total | 0.04 | 0.06 |

Note 8 - Borrowings other than Debt Securities (at amortised cost)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Medium Term Loan from Financial Institution - Unsecured (Refer Note 8.1 below) | 200.63 | |
| Total | 200.63 | - |

Notes to Standalone Ind AS Financial Statements

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

Note 8.1

- The loan is taken in India
- The loan is repayable in 5 equal annual instalments starting from March 05, 2021
- The Effective Interest Rate of the loan is 11.29% p.a.
- The company has earmarked certain bank deposits as lien towards interest obligation on the borrowing(Refer Note 3).
- The Company has not defaulted in payment of interest in the current year.

Note 9 - Other Financial Liabilities

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-------------------|-------------------------|-------------------------|
| Unpaid Dividends* | 1.90 | 2.25 |
| Others | 0.01 | - |
| Total | 1.91 | 2.25 |

* There is no amount due and outstanding, to be credited to Investor Education and Protection Fund.

Note 10 - Provisions

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|------------------------------------|-------------------------|-------------------------|
| Provision for Compensated Absences | 0.01 | - |
| Total | 0.01 | |

Note 11 - Other Non Financial Liabilities

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------|-------------------------|-------------------------|
| Statutory Liabilities | 0.71 | 0.67 |
| Total | 0.71 | 0.67 |

Note 12 - Equity Share Capital

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---------------------------------------|----------------------|--------------|----------------------|--------------|
| | Nos. | Amount | Nos. | Amount |
| Authorised | | | | |
| Equity Shares of ₹ 1 each | 43,00,00,000 | 43.00 | 43,00,00,000 | 43.00 |
| Total | | 43.00 | | 43.00 |
| Issued, Subscribed and Paid Up | | | | |
| Equity Shares of ₹1 each | 18,77,16,030 | 18.77 | 18,76,92,234 | 18.77 |
| Total | | 18.77 | | 18.77 |



Notes to Standalone Ind AS Financial Statements

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

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

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|--------------|----------------------|--------------|
| | Nos. | Amount | Nos. | Amount |
| Equity Shares | | | | |
| At the beginning of the year | 18,76,92,234 | 18.77 | 18,75,33,696 | 18.75 |
| Issued during the year (Refer Note below) | 23,796 | 0.00 | 1,58,538 | 0.02 |
| Outstanding at the end of the year | 18,77,16,030 | 18.77 | 18,76,92,234 | 18.77 |

Note: The Company has received an amount of ₹0.002 Crs on allotment of Shares under Employee Stock Options for the year ended March 31, 2020.

b) Terms/rights attached to Equity shares

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

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

c) Equity Shares held by Holding Company

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|----------------------------|----------------------|----------------------|
| Ambadi Investments Limited | 7,07,66,595 | 7,00,66,595 |

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

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|----------------------------|----------------------|------------------------|----------------------|------------------------|
| | Nos. | % holding in the class | Nos. | % holding in the class |
| Equity Shares | | | | |
| Ambadi Investments Limited | 7,07,66,595 | 37.70 | 7,00,66,595 | 37.33 |

e) Status on Global Depository Receipts (GDR)

The aggregate number of GDRs outstanding as at March 31, 2020 is 23,460 (as at March 31, 2019 - 28,62,253) each representing one Equity Share of ₹1 face value (Previous Year ₹1 face value). GDR % against total number of shares is 0.01% (as at March 31, 2019 - 1.52%). The GDRs carry the same terms / rights attached to Equity Shares of the Company.

Note 13 - Other equity

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Retained earnings (Refer Note 13.2) | 471.70 | 434.46 |
| Other reserves | | |
| Capital Reserve (Refer Note 13.6) | 19.97 | 19.97 |
| Capital Redemption Reserve (Refer Note 13.7) | 6.15 | 6.15 |
| Securities Premium (Refer Note 13.5) | 205.37 | 204.60 |
| Statutory Reserve (Refer Note 13.4) | 49.18 | 32.51 |
| General Reserve (Refer Note 13.1) | 346.30 | 346.30 |

Notes to Standalone Ind AS Financial Statements

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| FVTOCI Reserve (Refer Note 13.3) | 0.85 | 1.46 |
| Share Application Pending Allotment (Refer Note 13.8) | - | 0.30 |
| Total | 1,099.52 | 1,045.75 |

Nature and Purpose of reserve

13.1 General Reserve

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------------|-------------------------|-------------------------|
| Balance at the beginning of the year | 346.30 | 346.30 |
| Additions during the year | - | - |
| Balance at the end of the year | 346.30 | 346.30 |

13.2 Retained Earnings

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------------|-------------------------|-------------------------|
| Balance at the beginning of the year | 434.46 | 407.30 |
| Profit for the year | 83.33 | 66.53 |
| Dividend payout for the year - Equity | (24.40) | (23.45) |
| Dividend Distribution Tax - Equity | (5.02) | (2.61) |
| Transfer to Statutory Reserve | (16.67) | (13.31) |
| Balance at the end of the year | 471.70 | 434.46 |

13.3 FVTOCI Reserve

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------------|-------------------------|-------------------------|
| Balance at the beginning of the year | 1.46 | 2.14 |
| Fair Valuation of FVTOCI Investments | (0.61) | (0.68) |
| Balance at the end of the year | 0.85 | 1.46 |



Notes to Standalone Ind AS Financial Statements

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

13.4 Statutory Reserve

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------------|-------------------------|-------------------------|
| Balance at the beginning of the year | 32.51 | 19.20 |
| Transfer into reserve | 16.67 | 13.31 |
| Balance at the end of the year | 49.18 | 32.51 |

13.5 Securities Premium

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Balance at the beginning of the year | 204.60 | 199.72 |
| Additions pursuant to shares issued on account of exercise of ESOP | 0.77 | 4.88 |
| Balance at the end of the year | 205.37 | 204.60 |

13.6 Capital Reserve

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------------|-------------------------|-------------------------|
| Balance at the beginning of the year | 19.97 | 19.97 |
| Additions during the year | - | - |
| Balance at the end of the year | 19.97 | 19.97 |

13.7 Capital Redemption Reserve

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------------|-------------------------|-------------------------|
| Balance at the beginning of the year | 6.15 | 6.15 |
| Additions during the year | - | - |
| Balance at the end of the year | 6.15 | 6.15 |

13.8 Share Application Pending Allotment

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

Notes to Standalone Ind AS Financial Statements

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Balance at the beginning of the year | 0.30 | - |
| Additions during the year | - | 0.30 |
| Reduction due to allotment during the year | (0.30) | - |
| Balance at the end of the year | - | 0.30 |

13.9 Proposed dividend

An interim Dividend of ₹0.65 per equity share of the face value of ₹1/- each was declared by the Company at the meeting of Board of Directors held on February 26, 2020 for the financial year 2019-20 and the same has been paid. The Board of Directors in their meeting held on June 15, 2020 have recommended the same to be confirmed as final dividend for FY 2019-20.

Note 14 - Revenue from Operations

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Interest Income on: | | |
| - Bank Deposits | 6.22 | 6.32 |
| Dividend Income from | | |
| - Subsidiaries | 76.34 | 57.84 |
| - Joint Venture | 0.25 | 0.25 |
| - Others (₹24000 only, previous year ₹7500) | - | - |
| Net gain on fair value changes on FVTPL - Income from Mutual funds units (includes unrealised gain of ₹Nil (₹0.04 crs as of March 31, 2019) | 0.01 | 1.16 |
| Service Income | | |
| -Income that are recognised over a period of time (Refer Note (a) below) | 8.06 | 7.93 |
| Total | 90.88 | 73.50 |
| Note (a) - Type of Service | | |
| Brand fee | | |
| Total revenue from contracts with customers | 8.06 | 7.93 |
| Geographical markets | | |
| India | 8.06 | 7.93 |
| Outside India | - | - |
| Total revenue from contracts with customers | 8.06 | 7.93 |
| Timing of revenue recognition | | |
| Services transferred at a point in time | - | - |
| Services transferred over time | 8.06 | 7.93 |

For the income that has been received during the year, there are no contract assets / contract liabilities that are outstanding as at March 31, 2020.

Information about Company's performance obligation

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



Notes to Standalone Ind AS Financial Statements

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

Note 15 - Other Income

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|--------------|------------------------------|------------------------------|
| Other Income | 0.02 | 0.02 |
| Total | 0.02 | 0.02 |

Note 16 - Finance Costs

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Interest on financial liabilities measured at amortised cost - Borrowings other than debt securities | 1.48 | - |
| Total | 1.48 | - |

Note 17 - Employee Benefit Expense

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|---------------------------|------------------------------|------------------------------|
| Salaries, Wages and Bonus | 1.03 | 0.91 |
| Total | 1.03 | 0.91 |

Note 18 - Other Expense

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Rent | 0.01 | 0.01 |
| Insurance | 0.02 | 0.02 |
| Travelling and Conveyance | 0.02 | - |
| Advertisement Expenses | 0.04 | 0.02 |
| Communication | 0.04 | 0.05 |
| Printing, Stationery | 0.07 | 0.05 |
| Auditors' Remuneration (Refer Note - (a)) | 0.17 | 0.14 |
| Professional & Legal Expenses | 0.18 | 0.12 |
| Listing and filing fee | 0.06 | 0.07 |
| Expenditure on Corporate Social Responsibility (Refer Note - (b)) | 0.11 | 0.73 |
| Directors Fees, allowances and expenses | 0.65 | 0.37 |
| Other Expenses | 0.08 | 0.12 |
| Total | 1.45 | 1.70 |

Notes to Standalone Ind AS Financial Statements

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

Note - (a)

Auditor Remuneration

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|--|------------------------------|------------------------------|
| As Auditor: | | |
| Statutory Audit | 0.08 | 0.07 |
| Audit of Consolidated Financial Statements | 0.05 | 0.04 |
| Tax Audit | 0.01 | 0.01 |
| Limited Reviews | 0.02 | 0.02 |
| Other Services / Certification | 0.01 | - |
| Total | 0.17 | 0.14 |

Note - (b)

Corporate Social Responsibility

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|---|------------------------------|------------------------------|
| (i) Gross amount required to be spent during the year | 0.06 | 0.72 |
| (ii) Amount spent during the year | 0.11 | 0.73 |
| - Education & Health | 0.11 | 0.63 |
| - Others | - | 0.10 |

Note 19 - Fair value of financial instruments not measured at fair value

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

| Particulars | Carrying Value | | Fair Value | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Financial assets | | | | |
| Cash and Cash Equivalents | 9.41 | 0.42 | 9.41 | 0.42 |
| Bank balances Other than above | 33.86 | 111.33 | 33.86 | 111.33 |
| Investments | 2.16 | 2.85 | 2.16 | 2.85 |
| Other Financial Assets | 0.02 | - | 0.02 | - |
| Total | 45.45 | 114.60 | 45.45 | 114.60 |
| Financial liabilities | | | | |
| Borrowings (other than debt securities) | 200.63 | - | 200.63 | - |
| Payables | | | | |
| i) Trade Payables | - | - | - | - |
| ii) Other Payables | 0.55 | 0.34 | 0.55 | 0.34 |
| Other Financial Liabilities | 1.91 | 2.25 | 1.91 | 2.25 |
| Total | 203.09 | 2.59 | 203.09 | 2.59 |



Notes to Standalone Ind AS Financial Statements

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

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

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

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

Note 19.1 - Fair Values Hierarchy

a) Financial Assets carried at Fair Values

This note provides information about how the Company determines fair value of various financial assets. Fair value of the Company's financial assets that are measured at fair value on a recurring basis. Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used):

| Particulars | Fair Value as at | | Fair Value Hierarchy | Valuation Techniques & key inputs used |
|--|------------------|----------------|----------------------|--|
| | March 31, 2020 | March 31, 2019 | | |
| Asset measured at fair value: | | | | |
| - Investments in quoted equity instruments at FVTOCI | 0.68 | 2.45 | Level 1 | Quoted bid price in an active market. Refer Note (a) |
| - Investments in unquoted equity instruments at FVTOCI | 1.48 | 1.32 | Level 3 | Fair Valuation through methods prescribed under Ind AS 109. Refer Note (b) |

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

Note:

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

b) Financial Liabilities for which fair values are disclosed

| Particulars | Fair Value as at | | Fair Value Hierarchy | Valuation Techniques & key inputs used |
|---|------------------|----------------|----------------------|--|
| | March 31, 2020 | March 31, 2019 | | |
| Liabilities for which fair values are disclosed | 200.63 | - | Level 2 | Refer Note (a) below |

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

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

Notes to Standalone Ind AS Financial Statements

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

Note 19.2 Summary of Financial assets and liabilities which are recognised at amortised cost

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Financial Assets | | |
| Cash and Cash Equivalents | 9.41 | 0.42 |
| Bank balances other than cash and cash equivalents | 33.86 | 111.33 |
| Other Financial Assets | 0.02 | - |
| Financial Liabilities | | |
| Borrowings (other than debt securities) | 200.63 | - |
| Trade Payables | 0.55 | 0.34 |
| Other Financial Liabilities | 1.91 | 2.25 |

Note 20 - Maturity Analysis

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

| Particulars | Amount | Maturity | |
|--|-----------------|--------------|-----------------|
| | | Current | Non -Current |
| As on March 31, 2020 | | | |
| Financial Assets | | | |
| Cash and Cash Equivalents | 9.41 | 9.41 | - |
| Bank balances Other than cash and cash equivalents | 33.86 | 33.86 | - |
| Investments | 1,278.35 | - | 1,278.35 |
| Other Financial Assets | 0.02 | 0.02 | - |
| Total Financial Assets | 1,321.64 | 43.29 | 1,278.35 |
| Non Financial Assets | | | |
| Current tax assets (Net) | 0.05 | - | 0.05 |
| Deferred Tax Asset (Net) | 0.34 | - | 0.34 |
| Intangible Assets | 0.03 | - | 0.03 |
| Other Non-Financial Assets | 0.04 | 0.04 | - |
| Total Non Financial Assets | 0.46 | 0.04 | 0.42 |
| Financial Liabilities | | | |
| Borrowings (Other than Debt Securities) | 200.63 | 41.32 | 159.31 |
| Payables | | | |
| i) Trade Payables | - | - | - |
| ii) Other Payables | 0.55 | 0.55 | - |
| Other Financial Liabilities | 1.91 | 1.91 | - |
| Total Financial Liabilities | 203.09 | 43.78 | 159.31 |
| Non Financial Liabilities | | | |
| Non Financial Liabilities | 0.72 | 0.72 | - |
| Total Non Financial Liabilities | 0.72 | 0.72 | - |



Notes to Standalone Ind AS Financial Statements

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

| Particulars | Amount | Maturity | |
|--|-----------------|---------------|---------------|
| | | Current | Non -Current |
| As on March 31, 2019 | | | |
| Financial Assets | | | |
| Cash and Cash Equivalents | 0.42 | 0.42 | |
| Bank balances other than Cash and Cash Equivalents | 111.33 | 111.33 | |
| Investments | 955.70 | - | 955.70 |
| Other Financial Assets | - | - | - |
| Total Financial Assets | 1,067.45 | 111.75 | 955.70 |
| Non Financial Assets | | | |
| Current tax assets (Net) | 0.01 | - | 0.01 |
| Deferred Tax Asset (Net) | 0.26 | - | 0.26 |
| Other Non-Financial Assets | 0.06 | 0.06 | - |
| Total Non Financial Assets | 0.33 | 0.06 | 0.27 |
| Financial Liabilities | | | |
| Borrowings (Other than Debt Securities) | - | - | - |
| Payables | | | |
| i) Trade Payables | - | - | - |
| ii) Other Payables | 0.34 | 0.34 | - |
| Other Financial Liabilities | 2.25 | 2.25 | - |
| Total Financial Liabilities | 2.59 | 2.59 | - |
| Non Financial Liabilities | | | |
| Non Financial Liabilities | 0.67 | 0.67 | - |
| Total Non Financial Liabilities | 0.67 | 0.67 | - |

Note 20.1 - Analysis of Financial Assets and Financial Liabilities by remaining contractual maturities

| Particulars | Upto 1 Month | 1 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years | Total |
|--|--------------|---------------|----------------|--------------|-------------------|-----------------|
| As on March 31, 2020 | | | | | | |
| Financial Assets | | | | | | |
| Cash and Cash Equivalents | 1.50 | 8.01 | - | - | - | 9.51 |
| Bank balances other than Cash and Cash Equivalents | 1.90 | 20.64 | 12.46 | - | - | 35.00 |
| Investments | - | - | - | - | 1,278.35 | 1,278.35 |
| Other Financial Assets | 0.02 | - | - | - | - | 0.02 |
| Total Undiscounted Financial Assets | 3.42 | 28.65 | 12.46 | - | 1,278.35 | 1,322.88 |
| Financial Liabilities | | | | | | |
| Borrowings (Other than Debt Securities) | - | 10.67 | 50.61 | 202.83 | - | 264.11 |
| Payables | | | | | | |
| i) Trade Payables | - | - | - | - | - | - |
| ii) Other Payables | 0.55 | - | - | - | - | 0.55 |

Notes to Standalone Ind AS Financial Statements

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

| Particulars | Upto 1 Month | 1 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years | Total |
|--|--------------|---------------|----------------|---------------|-------------------|-----------------|
| Other Financial Liabilities | 1.91 | - | - | - | - | 1.91 |
| Total Undiscounted Financial Liabilities | 2.46 | 10.67 | 50.61 | 202.83 | - | 266.57 |
| As on March 31, 2019 | | | | | | |
| Financial Assets | | | | | | |
| Cash and Cash Equivalents | 0.42 | - | - | - | - | 0.42 |
| Bank balances other than cash and cash equivalents | 2.26 | 89.68 | 22.18 | - | - | 114.12 |
| Investments | - | - | - | - | 955.70 | 955.70 |
| Other Financial Assets | - | - | - | - | - | - |
| Total Undiscounted Financial Assets | 2.68 | 89.68 | 22.18 | - | 955.70 | 1,070.24 |
| Financial Liabilities | | | | | | |
| Borrowings (Other than Debt Securities) | - | - | - | - | - | - |
| Payables | | | | | | |
| i) Trade Payables | - | - | - | - | - | - |
| ii) Other Payables | 0.34 | - | - | - | - | 0.34 |
| Other Financial Liabilities | 2.25 | - | - | - | - | 2.25 |
| Total Undiscounted Financial Liabilities | 2.59 | - | - | - | - | 2.59 |

Note 21 - Significant accounting judgements, estimates and assumptions:

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

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

Fair value of financial instruments

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



Notes to Standalone Ind AS Financial Statements

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

Note 22 - Standards issued but not yet effective

There are no new standards / amendments to the standards that have been issued but not yet effective as at March 31, 2020.

Note 23 - Disclosure in respect of Related Parties

a) List of Related Parties

I. Subsidiary Companies

- a. Cholamandalam Investment and Finance Company Limited (CIFCL)* and its Subsidiaries
 - i. Cholamandalam Home Finance Limited (formerly known as Cholamandalam Distribution Services Limited)
 - ii. Cholamandalam Securities Limited
 - iii. White Data Systems India Private Limited
(Subsidiary upto September, 2018 and Associate thereafter)
- b. Cholamandalam MS General Insurance Company Limited
- c. Cholamandalam Health Insurance Limited

II. Entity having Significant influence

- a. Ambadi Investments Limited

III. Subsidiaries of Entity having significant influence

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

IV. Joint Venture

- a. Cholamandalam MS Risk Services Limited

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

Mr. N. Ganesh - Manager & Chief Financial Officer

Ms. E. Krithika - Company Secretary

VI. Non-Executive Directors

- a. Mr. M. M. Murugappan
- b. Ms. Shubhalakshmi Panse (till November 20, 2019)
- c. Mr. Ashok Kumar Barat (w.e.f August 1, 2018)
- d. Mr. B Ramaratnam (w.e.f March 18, 2019)
- e. Mr. V Ravichandran (w.e.f March 18, 2019)
- f. Mr. Sridharan Rangarajan (w.e.f August 30, 2018)
- g. Mr. M B N Rao (till July 31, 2018)
- h. Mr. N Srinivasan (till July 31, 2018)
- i. Ms. Vasudha Sundararaman (w.e.f February 12, 2020)

*The Company holds 45.50% of the total shareholding in CIFCL as at March 31, 2020 (46.39% as at March 31, 2019) and has de-facto control as per the principles of Ind AS 110 and accordingly CIFCL has been referred to as a subsidiary in Ind AS Financial Statements.

Notes to Standalone Ind AS Financial Statements

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

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

| Transaction | Related Party | 2019-20 | 2018-19 |
|---|--|---------|---------|
| Dividend Received | Cholamandalam Investment and Finance Company Limited | 76.34 | 47.08 |
| | Cholamandalam MS General Insurance Company Limited | - | 10.76 |
| | Cholamandalam MS Risk Services Limited | 0.25 | 0.25 |
| Dividend Payment | Ambadi Investments Limited | 9.15 | 4.20 |
| | Directors | 0.11 | 0.08 |
| | Relative of Directors and entities in which Directors are interested | 0.07 | 0.08 |
| Deputation charges for KMP | Cholamandalam Investment and Finance Company Limited | 0.80 | 0.71 |
| Remuneration to Key Management Personnel | Ms. E Krithika | 0.23 | 0.20 |
| Expense reimbursed | Cholamandalam Investment and Finance Company Limited | 0.05 | 0.02 |
| Reimbursement received | Cholamandalam MS General Insurance Company Limited | - | 0.008 |
| | Parry Enterprises Limited | 0.002 | 0.03 |
| Payment for services availed | Cholamandalam Securities Limited | 0.001 | 0.003 |
| | Cholamandalam MS General Insurance Company Limited | 8.06 | 7.93 |
| Brand fee Income | Cholamandalam MS General Insurance Company Limited | 8.06 | 7.93 |
| Market purchase of equity shares of CIFCL | Ambadi Investments Limited | 24.26 | 39.82 |
| Investment in equity shares of CIFCL | Cholamandalam Investment and Finance Company Limited | 300.00 | - |
| Commission and sitting fees | Non-executive directors | 0.65 | 0.33 |

Note 24 - Earnings Per Share

| Particulars | 2019-20 | 2018-19 |
|---|--------------|--------------|
| Profit after Tax - ₹ in Crores | 83.33 | 66.53 |
| Weighted Average Number of Shares | | |
| - Basic | 18,77,09,982 | 18,76,55,191 |
| - Dilutive Impact on account of Options | 18,076 | 28,861 |
| - Diluted | 18,77,28,058 | 18,76,84,052 |
| Earnings per Share of ₹1 each | | |
| - Basic | 4.44 | 3.55 |
| - Diluted | 4.44 | 3.55 |

Note 25 - Contingent Liabilities

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



Notes to Standalone Ind AS Financial Statements

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

Note 26 - Reconciliation of Tax Expense and the Accounting Profit multiplied by Corporate Income Tax Rate applicable for March 31, 2020 and March 31, 2019: (₹ Crores)

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Accounting Profit before income tax | 86.93 | 70.91 |
| Corporate tax on Accounting Profit before tax 25.17% (Previous year 29.12%) | 21.88 | 20.65 |
| Adjustments to accounting profit: | | |
| Dividend Income – Exempt from tax | (76.59) | (58.09) |
| Donation – Exempt from tax | - | (0.39) |
| Disallowance u/s 14A of the Income tax Act | 3.97 | 2.61 |
| Total adjustments to accounting profit | (72.62) | (55.87) |
| Tax on above total adjustments | (18.28) | (16.27) |
| Net Effective Income Tax | 3.60 | 4.38 |

The Company has exercised the option permitted u/s.115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. Accordingly, the Company recognised the provision for Income Tax for the year basis the rate prescribed in the said section. If the Tax rate had been retained as 29.12%, the tax charge for the year would have been higher by ₹0.56 crs.

Note 27 - Stock Options

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

Employee Stock Option Plan 2007

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

Employee Stock Option Plan 2016

| Particulars | Date of Grant | Options Outstanding as at 01-Apr-2019 | During the Year 2019-20 | | | Options Outstanding as at 31-Mar-2020 | Options vested but not exercised as at 01-Apr-2019 | Options vested but not exercised as at 31-Mar-2020 |
|-------------|---------------|---------------------------------------|-------------------------|----------------------------|------------------------------|---------------------------------------|--|--|
| | | | Options Granted | Options Cancelled / lapsed | Options Exercised & allotted | | | |
| Grant 2 | 15-Mar-17 | 1,09,080 | - | 30,720 | 16,770 | 61,590 | 1,09,080 | 61,590 |

Notes to Standalone Ind AS Financial Statements

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

Employee Stock Option Plan 2007

| Particulars | Date of Grant | Options Outstanding as at 01-Apr-2018 | During the Year 2018-19 | | | Options Outstanding as at 31-Mar-2019 | Options vested but not exercised as at 01-Apr-2018 | Options vested but not exercised as at 31-Mar-2019 |
|--------------|---------------|---------------------------------------|-------------------------|----------------------------|------------------------------|---------------------------------------|--|--|
| | | | Options Granted | Options Cancelled / lapsed | Options Exercised & allotted | | | |
| Grant 4 | 31-Jul-08 | 7,344 | - | - | 7,344 | - | 7,344 | - |
| Grant 7 | 29-Jan-11 | 16,416 | - | - | 16,416 | - | 16,416 | - |
| Grant 8 | 29-Jan-11 | 15,112 | - | - | 10,336 | 4,776 | 15,112 | 4,776 |
| Grant 12 | 02-Nov-11 | 49,516 | - | - | 18,022 | 31,494 | 49,516 | 31,494 |
| Total | | 88,388 | - | - | 52,118 | 36,270 | 88,388 | 36,270 |

Employee Stock Option Plan 2016

| Particulars | Date of Grant | Options Outstanding as at 01-Apr-2018 | During the Year 2018-19 | | | Options Outstanding as at 31-Mar-2019 | Options vested but not exercised as at 01-Apr-2018 | Options vested but not exercised as at 31-Mar-2019 |
|-------------|---------------|---------------------------------------|-------------------------|----------------------------|------------------------------|---------------------------------------|--|--|
| | | | Options Granted | Options Cancelled / lapsed | Options Exercised & allotted | | | |
| Grant 1 | 15-Mar-17 | 2,22,610 | - | 7,110 | 1,06,420 | 1,09,080 | 2,22,610 | 1,09,080 |

Employee Stock Option Plan 2007

| Grant No. | Date of Grant | Weighted Average Exercise Price (₹) | Vesting Commences on | Options Granted | Options Exercised | Options Forfeited / lapsed | Options Outstanding at the end of the year | | Weighted Average Remaining Contractual Life (in Years) |
|-----------|---------------|-------------------------------------|----------------------|-----------------|-------------------|----------------------------|--|-------------|--|
| | | | | | | | Vested | Yet to vest | |
| 1 | 31-Oct-07 | 43.37 | 31-Oct-08 | 6,00,120 | 3,63,624 | 2,36,496 | - | - | |
| 2 | 31-Jan-08 | 45.61 | 30-Jan-09 | 1,05,460 | 81,324 | 24,136 | - | - | |
| 3 | | | | | | | | | |
| Tr I | 24-Mar-08 | 39.19 | 31-Oct-09 | 26,55,260 | 15,39,971 | 11,15,289 | - | - | |
| Tr II | 24-Mar-08 | 39.19 | 31-Oct-09 | 34,241 | 34,241 | - | - | - | |
| 4 | | | | | | | | | |
| Tr I | 31-Jul-08 | 30.67 | 31-Jul-09 | 3,86,900 | 2,84,961 | 1,01,939 | - | - | |
| Tr II | 31-Jul-08 | 30.67 | 31-Jul-09 | 9,344 | 9,344 | - | - | - | |
| 5 | 31-Oct-08 | 16.73 | 31-Oct-09 | 54,000 | 30,240 | 23,760 | - | - | |
| 6 | 30-Jan-09 | 21.42 | 30-Jan-10 | 28,100 | 23,323 | 4,777 | - | - | |
| 7 | | | | | | | | | |
| Tr I | 29-Jan-11 | 96.63 | 29-Jan-12 | 4,25,400 | 2,38,404 | 1,86,996 | - | - | |
| Tr II | 29-Jan-11 | 96.63 | 29-Jan-12 | 21,280 | 21,280 | - | - | - | |
| Tr III | 29-Jan-11 | 96.63 | 29-Jan-12 | 15,112 | 15,112 | - | - | - | |



Notes to Standalone Ind AS Financial Statements

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

| Grant No. | Date of Grant | Weighted Average Exercise Price (₹) | Vesting Commences on | Options Granted | Options Exercised | Options Forfeited / lapsed | Options Outstanding at the end of the year | | Weighted Average Remaining Contractual Life (in Years) |
|-----------|---------------|-------------------------------------|----------------------|-----------------|-------------------|----------------------------|--|-------------|--|
| | | | | | | | Vested | Yet to vest | |
| 8 | 29-Jan-11 | 96.63 | 29-Jan-12 | 1,92,400 | 80,916 | 1,11,484 | - | - | |
| 9 | 29-Jan-11 | 96.63 | 29-Jan-12 | 13,900 | - | 13,900 | - | - | |
| 10 | 02-May-11 | 96.91 | 02-May-12 | 55,000 | 19,680 | 35,320 | - | - | |
| 11 | 01-Aug-11 | 110.23 | 01-Aug-12 | 33,600 | - | 33,600 | - | - | |
| 12 | | | | | | | | | |
| Tr I | 02-Nov-11 | 98.74 | 02-Nov-12 | 1,26,800 | 48,148 | 78,652 | - | - | |
| Tr II | 02-Nov-11 | 98.74 | 02-Nov-12 | 51,516 | 22,272 | 18,328 | 10,916 | - | 1.45 |

Employee Stock Option Plan 2016

| Grant No | Date of Grant | Exercise Price (₹) | Vesting Commences on | Options Granted | Options Exercised & allotted | Options Cancelled / lapsed | Options vested and Outstanding at the End of the Year | | Weighted Average Remaining Contractual Life (in Years) |
|----------|---------------|--------------------|----------------------|-----------------|------------------------------|----------------------------|---|-------------|--|
| | | | | | | | Vested | Yet to vest | |
| Tr I | 15-Mar-17 | 416.86 | 15-Mar-18 | 2,37,960 | - | 2,37,960 | - | - | - |
| Tr II | 15-Mar-17 | 416.86 | 15-Mar-18 | 2,32,270 | 1,23,190 | 47,490 | 61,590 | - | 2.96 |

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

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

Employee Stock Option plan 2007

| Grant No. | Vesting Commences on | Risk Free Interest Rate (%) | Expected Life (Years) | Expected Volatility of Share Price (%) | Dividend Yield (%) | Price of the underlying Share in the Market at the time of Option Grant (₹) | Fair Value of the Option (₹) |
|-----------|----------------------|-----------------------------|-----------------------|--|--------------------|---|------------------------------|
| 1 | 31.10.08 | 7.71 | 2.50 | 39.11 | 3.43 | 43.37 | 11.34 |
| 2 | 30.01.09 | 7.44 | 2.50 | 42.02 | 3.43 | 45.61 | 12.50 |
| 3 | | | | | | | |
| Tr I | 31.10.09 | 8.22 - 8.25 | 1.62 - 2.62 | 31.56 - 37.07 | 1.86 | 39.19 | 73.92 - 74.89 |
| Tr II | 31.10.09 | 8.22 - 8.25 | 1.62 - 2.62 | 31.56 - 37.07 | 1.86 | 39.19 | 73.92 - 74.89 |
| 4 | | | | | | | |
| Tr I | 31.07.09 | 0.00 - 8.24 | 0.00 - 2.99 | 0.00 - 39.82 | 1.86 | 30.67 | 80.83 - 81.68 |
| Tr II | 31.07.09 | 0.00 - 8.24 | 0.00 - 2.99 | 0.00 - 39.82 | 1.86 | 30.67 | 80.83 - 81.68 |

Notes to Standalone Ind AS Financial Statements

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

| Grant No. | Vesting Commences on | Risk Free Interest Rate (%) | Expected Life (Years) | Expected Volatility of Share Price (%) | Dividend Yield (%) | Price of the underlying Share in the Market at the time of Option Grant (₹) | Fair Value of the Option (₹) |
|-----------|----------------------|-----------------------------|-----------------------|--|--------------------|---|------------------------------|
| 5 | 31.10.09 | 8.21 - 8.31 | 0.12 - 3.24 | 32.28 - 42.55 | 1.86 | 16.73 | 92.20 - 94.76 |
| 6 | 30.01.10 | 8.21 - 8.31 | 0.24 - 3.49 | 28.04 - 43.77 | 1.86 | 21.42 | 88.54 - 90.00 |
| 7 | | | | | | | |
| Tr I | 29.01.12 | 8.21 - 8.26 | 1.24 - 5.48 | 31.69 - 46.73 | 1.86 | 96.63 | 39.45 - 80.72 |
| Tr II | 29.01.12 | 8.21 - 8.26 | 1.24 - 5.48 | 31.69 - 46.73 | 1.86 | 96.63 | 39.45 - 80.72 |
| Tr III | 29.01.12 | 8.21 - 8.26 | 1.24 - 5.48 | 31.69 - 46.73 | 1.86 | 96.63 | 39.45 - 80.72 |
| 8 | 29.01.12 | 8.21 - 8.26 | 1.24 - 4.48 | 31.69 - 43.79 | 1.86 | 96.63 | 27.22 - 52.67 |
| 9 | 29.01.12 | 8.21 - 8.26 | 1.24 - 3.48 | 31.69 - 43.79 | 1.86 | 96.63 | 27.22 - 46.62 |
| 10 | 02.05.12 | 8.21 - 8.25 | 1.37 - 5.74 | 31.38 - 47.27 | 1.86 | 96.63 | 27.90 - 56.06 |
| 11 | 01.08.12 | 8.21 - 8.25 | 1.49 - 5.99 | 31.76 - 47.01 | 1.86 | 110.23 | 21.93 - 53.00 |
| 12 | | | | | | | |
| Tr I | 02.11.12 | 8.21 - 8.24 | 1.74 - 6.24 | 32.74 - 46.93 | 1.86 | 98.74 | 30.05 - 57.75 |
| Tr II | 02.11.12 | 8.21 - 8.24 | 1.74 - 6.24 | 32.74 - 46.93 | 1.86 | 98.74 | 30.05 - 57.75 |

Employee Stock Option Plan 2016

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

Note 28 - Financial Risk Management

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

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

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

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



Notes to Standalone Ind AS Financial Statements

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

a. Credit risk

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

b. Liquidity Risk

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

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

Refer Note 20.1 for the summary of maturity profile of undiscounted cashflows of the Company's financial assets and financial liabilities as at reporting period.

The Leverage Ratio is 0.03 as at March 31, 2020 as against the regulatory cap of 2.5

c. Interest rate risk

Interest rate risk is the fair value of future cash flows of a financial instrument which fluctuates because of changes in the market interest rates.

d. Price risk

The Company's exposure to equity securities risk arises from investments held by the Company and classified in the balance sheet as fair value through OCI.

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio across sectors, which is as per the investment policy of the Company.

Majority of the Company's investment are publicly traded in the NSE and BSE.

As regards investments in unlisted privately held companies, the fair valuations are largely dependent on the investee Company's ability to achieve desired outcomes which measure the performance of the Company and bear out the valuation of its ownership interests. Hence, these are also exposed to market / operational risks of the investee companies.

Capital Management

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

Notes to Standalone Ind AS Financial Statements

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

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

The Capital Ratio is 478.51% as at March 31, 2020 as against the regulatory minimum of 30%.

Note 29 - Changes in Liabilities arising from Financing Activities

| Particulars | March 31, 2019 | Cash Flow | March 31, 2020 |
|---------------------------------------|----------------|---------------|----------------|
| Borrowings other than debt securities | - | 199.15 | 199.15 |
| Total | - | 199.15 | 199.15 |

There are no changes in liabilities arising from Financing activities during the year ended March 31, 2019.

Note 30 - Segment reporting

The Company's main business is to invest in securities of Group Companies for strategic purposes. All other activities of the Company revolve around the main business. As such there are no separate reportable segments.

Note 31 - Additional Information as required by Reserve Bank of India, Master Direction - Core Investment Companies (Reserve Bank) Directions, RBI/DNBR/2016-17/39, Master Direction DNBR. PD. 003/03.10.119/2016-17, August 25, 2016

These disclosures have been prepared based on IndAS financial statements in line with RBI notification dated March 13, 2020.

| SN. | Particulars | As at March 31, 2020 | |
|----------|--|----------------------|----------------|
| | | Amount outstanding | Amount overdue |
| | Liabilities: | | |
| 1 | Loans and Advances availed by the CIC inclusive of interest accrued thereon but not paid: | | |
| (a) | Debentures | | |
| | - Secured | - | - |
| | - Unsecured | - | - |
| | (other than falling within the meaning of public deposits*) | | |
| (b) | Deferred Credits | - | - |
| (c) | Term Loans | 200.63 | - |
| (d) | Inter-Corporate Loans and Borrowings | - | - |
| (e) | Commercial Paper | - | - |
| (f) | Other Loans | - | - |
| | * Please see Note 1 below | | |



Notes to Standalone Ind AS Financial Statements

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

| SN. | Particulars | Amount outstanding |
|----------|---|--------------------|
| | Assets: | |
| 2 | Break-up of Loans and Advances including Bills Receivables [other than those included in (4) below]: | |
| | a) Secured | - |
| | b) Unsecured | - |
| 3 | Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities | |
| | (i) Lease assets including lease rentals under Sundry Debtors: | |
| | (a) Financing lease | - |
| | (b) Operating lease | - |
| | (ii) Stock on hire including hire charges under Sundry Debtors: | |
| | (a) Assets on hire | - |
| | (b) Repossessed assets | - |
| | (iii) Other loans counting towards asset financing activities | |
| | (a) Loans where assets have been repossessed | - |
| | (b) Loans other than (a) above | - |
| 4 | Break-up of Investments: | |
| | Current Investments: | |
| | 1. Quoted: | |
| | (i) Shares : (a) Equity | - |
| | (b) Preference | - |
| | (ii) Debentures and Bonds | - |
| | (iii) Units of mutual funds | - |
| | (iv) Government Securities | - |
| | (v) Others | - |
| | 2. Unquoted: | |
| | (i) Shares : (a) Equity | - |
| | (b) Preference | - |
| | (ii) Debentures and Bonds | - |
| | (iii) Units of mutual funds | - |
| | (iv) Government Securities | - |
| | (v) Others | - |
| | Long-term Investments: | |
| | 1. Quoted: | |
| | (i) Shares : (a) Equity | 1,010.59 |
| | (b) Preference | - |
| | (ii) Debentures and Bonds | - |
| | (iii) Units of mutual funds | - |
| | (iv) Government Securities | - |
| | (v) Others | - |

Notes to Standalone Ind AS Financial Statements

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

| SN. | Particulars | Amount outstanding |
|-----|-----------------------------|--------------------|
| 2. | Unquoted: | |
| | (i) Shares : (a) Equity | 267.76 |
| | (b) Preference | - |
| | (ii) Debentures and Bonds | - |
| | (iii) Units of mutual funds | - |
| | (iv) Government Securities | - |
| | (v) Others | - |

5. Borrower group-wise classification of assets financed as in (2) and (3) above: Please see Note 2 below

| Category | Amount net of provisions | | |
|---------------------------------|--------------------------|-----------|-------|
| | Secured | Unsecured | Total |
| 1. Related parties** | | | |
| (a) Subsidiaries | - | - | - |
| (b) Companies in the same group | - | - | - |
| (c) Other related parties | - | - | - |
| (d) Other than related parties | - | - | - |
| Total | - | - | - |

6. Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted):

| Category | Market value/Break up or fair value or NAV (Refer Note 2 below) | Book value (net of provisions) |
|---------------------------------|---|--------------------------------|
| 1. Related parties | | |
| (a) Subsidiaries | 6,663.05 | 1,275.20 |
| (b) Companies in the same group | 14.21 | 2.63 |
| (c) Other related parties | - | - |
| 2. Other than related parties | - | - |
| Total | 6,677.26 | 1,277.83 |

7. Other information

| Particulars | Amount |
|---|--------|
| (i) Gross Non-Performing Assets | |
| (a) Related parties | - |
| (b) Other than related parties | - |
| (ii) Net Non-Performing Assets | |
| (a) Related parties | - |
| (b) Other than related parties | - |
| (iii) Assets acquired in satisfaction of debt | - |



Notes to Standalone Ind AS Financial Statements

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

Notes:

1. As defined in Core Investment Companies (Reserve Bank) Directions, 2016.
2. Quoted investments are at market value and unquoted investments are at break up/fair value/NAV irrespective of whether they are classified as long term or current in (6) above.
3. The company does not have any exposure to real estate sector, both direct and indirect.
4. Maturity pattern of assets and liabilities is disclosed in Note 20.1
5. The Company received Certificate of Registration from RBI on Jan 6, 2020. Hence previous year information is not provided for the above.

Note 32 - Prior Period Comparatives

Previous year figures have been regrouped / re-classified wherever necessary to conform to this year's classification.

As per our report of even date

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

Chartered Accountants

ICAI Firm Regn No.101049W/E300004

per **Subramanian Suresh**

Partner

Membership No: 083673

Place : Chennai

Date : June 15, 2020

Sridharan Rangarajan

Director

E Krithika

Company Secretary

For and on behalf of the Board of Directors

M M Murugappan

Chairman

N Ganesh

Manager & Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited)

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of Cholamandalam Financial Holdings Limited (formerly known TI Financial Holdings Limited) (hereinafter referred to as “the Holding Company”), its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) its associate and joint venture comprising of the Consolidated Balance sheet as at March 31 2020, the Consolidated Statement of Profit and Loss, including other comprehensive income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the Consolidated Ind AS financial statements”).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, the aforesaid Consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and joint venture as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Ind AS Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Consolidated Ind AS Financial Statements’ section of our report. We are independent of the Group, associate, joint venture in accordance with the ‘Code of Ethics’ issued by the Institute of Chartered Accountants of India together with the ethical requirements that are

relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Emphasis of Matter

We draw attention to Note 4.1a to the accompanying Consolidated Ind AS Financial Statements, which describes the impact of COVID-19 pandemic with respect to Cholamandalam Investment and Finance Company Limited’s (CIFCL) and its possible consequential implications on CIFCL’s operations and financial metrics, including CIFCL’s estimates of impairment of loans and that such estimates may be affected by the severity and duration of the pandemic.

We draw attention to Note 4.1c to the accompanying Consolidated Ind AS Financial Statements, wherein the Group has disclosed the impact due to the COVID-19 pandemic for Cholamandalam MS General Insurance Company Limited (MSGICL), a subsidiary company. The auditors of MSGICL have included an emphasis of matter paragraph in their auditors’ report on the financial statements of MSGICL for the year ended March 31, 2020, stating that the impact assessment carried out by the Management with available information did not indicate any material impact on the carrying value of assets and liabilities of MSGICL as on the reporting date or any adverse impact on ability of MSGICL to continue as going concern. Considering the uncertainties prevailing in the economic conditions globally and in India, such impact assessment done by the management of MSGICL is highly dependent on the circumstances as they evolve in subsequent period.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of



the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Ind AS Financial Statements.

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| In connection with the Subsidiary Company – Cholamandalam Investment and Finance Company Limited ('CIFCL') | |
| Impairment of Financial Assets based on Expected Credit Loss ('ECL') (as described in Note 5.4 of the Consolidated Ind AS Financial Statements) | |
| <p>Financial instruments, which include loans to customers, represents a significant portion of the total assets of the CIFCL. CIFCL has loans aggregating ₹56,918.70 Crores as at March 31, 2020.</p> <p>Estimates regarding the impairment provision against financial assets are based on the expected credit loss model developed by the CIFCL based on the guiding principles prescribed under Ind AS 109. As explained in the notes to the financial statements for the year ended March 31, 2020, the impairment provision based on the expected credit loss model requires the management of the CIFCL to make significant judgments in connection with related computation. These include:</p> <p>(a) Segmentation of the loan portfolio into homogenous pool of borrowers;</p> <p>(b) Identification of exposures where there is a significant increase in credit risk and those that are credit impaired;</p> <p>(c) Determination of the 12 month and life-time probability of default for each of the segments identified; and</p> <p>(d) Loss given default for various exposures based on past trends / experience, management estimates etc.,</p> | <ul style="list-style-type: none"> • Understood CIFCL's key credit processes comprising granting, recording and monitoring of loans as well as impairment provisioning. • Read and assessed CIFCL's impairment provisioning policy as per Ind AS 109; • Obtained an understanding of the CIFCL's Expected Credit Loss ('ECL') methodology, the underlying assumptions and performed sample tests to assess the staging of outstanding exposures; • 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, 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); |

| Key audit matters | How our audit addressed the key audit matter |
|--|---|
| <p>Additionally, the economic and business consequences of the COVID 19 pandemic as described in Note 4.1a to the Consolidated Ind AS financial statements, slowdown of economic activity, moratoriums granted to borrowers, the related regulatory directives and also the applicable accounting directions, further affect loan loss provisioning under the ECL approach.</p> <p>Note 5.4 to the Consolidated Ind AS Financial Statements explains the various matters that the management has considered for developing this expected credit loss model.</p> <p>As at March 31, 2020, CIFCL has made a provision for impairment loss aggregating ₹1,522.97 Crores against the loans outstanding. Due to the significance of the judgments used in both classification of loans into various stages as well as the computation of expected credit losses on such financial assets as per Ind AS 109, this has been considered as key audit matter.</p> | <ul style="list-style-type: none"> • Enquired with the management regarding significant judgments and estimates involved in the impairment computation and additional management overlay provision arising from the effects of the COVID-19 pandemic, and evaluated the reasonableness thereof • Assessed analytical reviews of disaggregated data to observe any unusual trends warranting additional audit procedures; and • Read the financial statement disclosures in respect of impairment losses on financial assets, including the specific disclosures made with regard to the impact of COVID 19 on ECL estimation |
| <p>Audit in an Information Technology (IT) enabled environment – including considerations on exceptions identified in IT environment</p> | |
| <p>CIFCL has information technology applications which are used across various class of transactions in its operations including automated and IT dependent manual controls that are embedded in them.</p> <p>Due to the pervasive nature and complexity of CIFCL's IT environment, we place significant emphasis on the information systems, the controls, and process around such information systems and the usage of information from such systems for the purpose of financial reporting by the management for our audit. Accordingly, this has been considered as a key audit matter.</p> | <p>In assessing the reliability of electronic data processing, we included specialized IT auditors in our audit team. Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting:</p> <ul style="list-style-type: none"> • Assessing the information systems and the applications that is available in CIFCL in two phases: (i) IT General Controls and (ii) Application level embedded controls; • 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 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 report |
| <p>Pending litigations with tax authorities (as described in Note 41(a) of the Consolidated Ind AS Financial Statements)</p> | |
| <p>CIFCL operates in a complex tax environment and is required to discharge direct and indirect tax obligations under various legislations such as Income Tax Act, 1961, the Finance Act, 1994 Goods and Services Tax Acts and VAT Acts of various states, as may be applicable</p> | <p>In assessing the exposure of the CIFCL for the tax litigations, we have performed the following procedures:</p> <ul style="list-style-type: none"> • 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); |



| Key audit matters | How our audit addressed the key audit matter |
|--|---|
| <p>The tax authorities under these legislations have raised certain tax demands on CIFCL in respect of the past periods. CIFCL has disputed such demands and has appealed against them at appropriate forums. As at March 31, 2020 CIFCL has an amount of ₹677.08 Crores. pertaining to various pending tax litigations.</p> <p>Ind AS 37 requires management 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, we have considered it to be a key audit matter.</p> | <ul style="list-style-type: none"> • Assessed the processes and entity level controls established by CIFCL 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 CIFCL; • 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 Consolidated Ind AS Financial Statements in this regard. |
| In connection with Subsidiary Company - Cholamandalam MS General Insurance Company Limited | |
| Valuation of Investments | |
| <p>The auditors of Cholamandalam MS General Insurance Company Limited ("MSGICL"), a subsidiary of the Holding Company have reported that the management's assessment of the value of investments as on the reporting date involves judgement which can materially impact the impairment loss, if any and the carrying value of investments</p> | <p>The audit response to this Key Audit Matter that has been identified by the auditors of MSGICL are as follows:</p> <ul style="list-style-type: none"> • Reviewed the accounting policies used by the Company for accounting and disclosing Investments for compliance with the accounting framework / IRDAI regulation. • Assessed the adequacy of internal controls, evaluated the design and tested the operating effectiveness of such controls for initial recognition, measurement, subsequent valuation and disclosure of investments as on the reporting date as per application regulations. • Traced the opening balance with audited closing balance of investment from previous year financial statements. Verified the movement in investments during the year on a test check basis using direct third-party confirmation, statement of accounts, bank statements and other relevant documents. Other substantive and analytical procedures were carried out to corroborate the management assertions pertaining to investments. • Reviewed the process followed by the management of the Company in valuing the investments and independently reperformed the valuation check on a sample basis to confirm their appropriateness |

| Key audit matters | How our audit addressed the key audit matter |
|--|---|
| | <ul style="list-style-type: none"> Investments identified for impairment provisioning / write off by the management of the Company are verified on a 100% basis by independently assessing the risk of impairment loss and probability of realization of investment value by considering publicly available information about the investee entities, directions issued by their regulators, Government of India and IRDAI. Reviewed the basis of assessment used by the Company's Investment committee and discussed the same with Chief Investment Officer and Chief Financial Officer. Checked the compliance with IRDAI prudential norms for provisioning in validating the adequacy of impairment provision / write off. |
| Valuation of outstanding claims ("OC") including claims incurred but not reported ("IBNR") and claims incurred but not enough reported ("IBNER") | |
| <p>The auditors of CMSGICL have reported that the total Outstanding Claims including IBNR and IBNER provisions has been considered as a key audit matter by the auditors since the valuation of Outstanding Claims including IBNR and IBNER are significant in magnitude and requires use of judgements and estimates. OC including IBNR/IBNER are estimates for settlement of claims in future which are impacted by number of factors which includes the trends in severity of historical claims, frequency of historical claims and IRDA regulations. In particular, the claims arising from death or disability covered under motor insurance contracts involves complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions can materially impact the valuation of these liabilities.</p> | <p>The audit response to this Key Audit Matter that has been identified by the auditors of CMSGICL were as follows:</p> <ul style="list-style-type: none"> Assessing and testing the operating effectiveness of key controls relating to the claims handling and reserving process, including controls over completeness and accuracy of the claim estimates recorded; Substantive tests were performed on the amounts recorded for a sample of OC, which are material to assess whether claims are appropriately estimated and recorded; Evaluating the competence, objectivity and independence of the independent actuary appointed by the management to review the adequacy of OC including IBNR and IBNER; Testing the completeness and accuracy of underlying insurance data provided by the management to the Actuary on a sample basis; Assessing the adequacy of Company's related disclosures by reference to relevant accounting standards and IRDA Regulations |
| Contingent Liability | |
| <p>The auditors of CMSGICL have reported that contingent liabilities as at March 31, 2020 as a key audit matter as CMSGICL has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p> | <p>The audit response to this Key Audit Matter that has been identified by the auditors of CMSGICL were as follows:</p> <ul style="list-style-type: none"> Reviewing the details of pending tax demands as at March 31, 2020. Involving our internal experts to consider legal precedence and other rulings in evaluating the Management's position on these uncertain tax positions. Reviewing CMSGICL's correspondences with tax authorities, legal counsels, grounds of appeal filed with various appellate authorities and industry position on various tax disputes. Verifying the adequacy of disclosures in the financial statements in this respect. |



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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Chairman's message, Performance in FY 20, Board's Report and Management Discussion and Analysis, Form AOC-1, General Shareholder Information and Business Responsibility report included in the Annual report but does not include the Consolidated Ind AS financial statements and our auditor's report thereon.

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

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

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls,

that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

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

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

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

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

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

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

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate and joint venture of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the

Consolidated Ind AS Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

- (a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose Ind AS financial statements include total assets of ₹0.01 Crores as at March 31, 2020, total revenues of Nil and net cash outflows of ₹0.01 Crores for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The Consolidated Ind AS financial statements also include the Group's share of net profit of ₹2.02 Crores for the year ended March 31, 2020, as considered in the Consolidated Ind AS financial statements, in respect of one joint venture, whose financial statements, other financial information have been audited by other auditors



and whose reports have been furnished to us by the Management. Our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and joint venture and, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint venture, is based solely on the reports of such other auditors.

- (b) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements and other financial information include total assets of ₹10,549.99 Crores as at March 31, 2020 and total revenues of ₹4,196.51 Crores, and net cash inflow of ₹84 Crores for the year ended on that date. These financial statements and other financial information have been prepared in accordance with the recognition and measurement principles of Generally Accepted Accounting Principles in India, which have been framed as per the requirements of Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (as amended) (the 'IRDA Act'), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, Circulars / Orders / Directions issued by the Insurance Regulatory and Development Authority of India ('IRDAI' or 'the Authority') in this regard, and the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 ("Statutory GAAP") which have been audited by other auditors under generally accepted auditing standards applicable in India. The other auditors of this subsidiary in their report have reported that they have relied on the Subsidiary's appointed actuary's certificate on the estimate of claims Incurred but Not Reported [IBNR] and claims Incurred but Not Enough Reported [IBNER]. The appointed actuary has certified to the Subsidiary that the assumptions used for such valuation are appropriate and are in accordance with the requirements of the IRDAI and Institute of Actuaries of India in concurrence with IRDAI.

The Subsidiary's management has converted the financial statements of such subsidiary from Statutory GAAP to comply with the requirements of Indian Accounting Standards (Ind AS)

specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended including incorporating necessary adjustments relating to liability adequacy test and disclosures relating to insurance liabilities as per Ind AS 104 based on the appointed actuary's certificate. We have audited these conversion adjustments made by the subsidiary management and have relied upon the appointed actuary's certificate in this regard.

Our opinion in so far as it relates to the balances and affairs of such subsidiary is based on the report of other auditors, the reliance on the appointed actuary's certificate and the conversion adjustments prepared by the management of the Subsidiary Company and audited by us.

- (c) The Consolidated Ind AS financial statements also include the Group's share of net loss of ₹0.42 crores for the year ended March 31, 2020, as considered in the Consolidated Ind AS financial statements, in respect of one associate, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors, the financial statements and other financial information certified by the management and the certificates provided by the appointed actuary as applicable

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, and joint venture, as noted in the 'other matter' paragraph we report, to the

extent applicable, that:

- (a) We / the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and its joint venture, none of the directors of the Group's companies and its joint venture, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Ind AS financial statements of the Holding Company and its subsidiary companies and its joint venture, incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and joint venture incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the

Holding Company, subsidiaries and joint venture incorporated in India to its Manager / Directors in accordance with the provisions of Section 197 read with Schedule V to the Act

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint venture, as noted in the 'Other matter' paragraph:
 - i. The Consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its joint venture in its Consolidated Ind AS financial statements – Refer Note 41(a) to the Consolidated Ind AS Financial Statements;
 - ii. Provision has been made in the Consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 7 to the Consolidated Ind AS Financial Statements in respect of such items as it relates to the Group and joint venture.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and its joint venture, incorporated in India during the year ended March 31, 2020.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Subramanian Suresh

Partner

Membership Number: 083673

UDIN: 20083673AAAABF7401

Place of Signature: Chennai

Date: June 15, 2020



ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED (FORMERLY KNOWN AS TI FINANCIAL HOLDINGS LIMITED)

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

To the Members of Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited)

In conjunction with our audit of the Consolidated Ind AS Financial Statements of Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited) as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Cholamandalam Financial Holdings Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and joint venture which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit

preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies and joint venture which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system

over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to three subsidiary Companies and one joint venture incorporated in India, is based on the corresponding report of the auditors of such Subsidiary Companies and joint venture incorporated in India

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Subramanian Suresh**

Partner

Membership Number: 083673

Place : Chennai

Date : June 15, 2020



Consolidated Ind AS Balance Sheet

As at March 31, 2020

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

| Particulars | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|--|----------|-------------------------|-------------------------|
| ASSETS | | | |
| Financial Assets | | | |
| Cash and Cash Equivalents | 6A | 3,695.69 | 3,279.16 |
| Bank balances other than Cash and Cash Equivalents | 6B | 3,618.49 | 666.31 |
| Derivative financial instruments | 7 | 114.20 | 88.69 |
| Receivables | | | |
| i) Trade Receivables | 8 | 15.03 | 41.28 |
| ii) Other Receivables | 8 | 48.18 | 39.08 |
| iii) Insurance Contract Assets | 9 | 287.79 | 444.16 |
| iv) Reinsurance Assets | 10A | 658.80 | 957.68 |
| Loans | 11 | 55,395.73 | 52,610.77 |
| Investment in Associate & Joint Venture | 12A | 36.83 | 35.56 |
| Other Investments | 12B | 8,855.85 | 7,516.71 |
| Other Financial Assets | 13 | 530.30 | 262.79 |
| | | 73,256.89 | 65,942.19 |
| Non- Financial Assets | | | |
| Current tax assets (Net) | | 330.01 | 246.92 |
| Deferred tax assets (Net) | 14 | 687.13 | 608.07 |
| Goodwill on Consolidation | | 42.72 | 42.72 |
| Investment Property | 15 | 28.96 | 28.96 |
| Intangible Assets under development | | 10.60 | 13.97 |
| Property, Plant and Equipment | 16 | 370.06 | 197.32 |
| Intangible assets | 17 | 37.63 | 36.94 |
| Reinsurance Assets | 10B | 600.65 | 421.23 |
| Other Non-Financial Assets | 18 | 478.54 | 398.89 |
| | | 2,586.30 | 1,995.02 |
| TOTAL | | 75,843.19 | 67,937.21 |
| EQUITY AND LIABILITIES | | | |
| Financial Liabilities | | | |
| Derivative financial instruments | 7 | - | 8.41 |
| Payables | | | |
| (I) Trade Payables | | | |
| i) Total outstanding dues of micro and small enterprises | | 1.01 | 0.18 |
| ii) Total outstanding dues of creditors other than micro and small enterprises | | 330.03 | 231.45 |
| (II) Other Payables | | | |
| i) Total outstanding dues of micro and small enterprises | | - | - |

Consolidated Ind AS Balance Sheet

As at March 31, 2020

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

| Particulars | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|--|----------|-------------------------|-------------------------|
| ii) Total outstanding dues of creditors other than micro and small enterprises | | 99.62 | 223.15 |
| (III) Other Insurers | | | |
| i) Total outstanding dues of micro and small enterprises | | - | - |
| ii) Total outstanding dues of creditors other than micro and small enterprises | | 272.29 | 401.63 |
| Debt Securities | 19 | 7,135.18 | 13,961.82 |
| Borrowings(Other than Debt Securities) | 20 | 43,473.71 | 32,126.78 |
| Subordinated Liabilities | 21 | 4,508.58 | 4,358.68 |
| Insurance Contract Liabilities | 22 | 6,024.81 | 5,212.09 |
| Other Financial Liabilities | 22A | 529.62 | 371.87 |
| | | 62,374.85 | 56,896.06 |
| Non-Financial Liabilities | | | |
| Provisions | 23 | 107.59 | 87.13 |
| Insurance Contract Liabilities | 24 | 3,620.73 | 3,032.07 |
| Other Non-Financial Liabilities | 24 | 38.13 | 57.49 |
| | | 3,766.45 | 3,176.69 |
| Equity | | | |
| Equity share capital | 25 | 18.77 | 18.77 |
| Other Equity | 26 | 4,571.81 | 3,924.83 |
| | | 4,590.58 | 3,943.60 |
| Non Controlling Interest | | 5,111.31 | 3,920.86 |
| | | 9,701.89 | 7,864.46 |
| TOTAL | | 75,843.19 | 67,937.21 |
| Summary of significant accounting policies | 5 | | |

The accompanying notes are forming 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

Sridharan Rangarajan

Director

For and on behalf of the Board of Directors

M M Murugappan

Chairman

Place : Chennai

Date : June 15, 2020

E Krithika

Company Secretary

N Ganesh

Manager & Chief Financial Officer



Consolidated Ind AS Statement of Profit and Loss

For the year ended March 31, 2020

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

| Particulars | Note No. | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|----------|------------------------------|------------------------------|
| Revenue from Operations | | | |
| - Interest Income | 27A | 8,742.35 | 7,065.47 |
| - Dividend Income | 27D | 2.24 | 2.97 |
| - Net gain on derecognition of financial instruments under amortised cost category | | 247.27 | 86.70 |
| - Gross Premium | 27C | 4,264.58 | 4,057.25 |
| Premium ceded to reinsurers | | (828.27) | (1,008.15) |
| Net Premium | | 3,436.31 | 3,049.10 |
| - Fee & Commission income | 27B | 487.82 | 469.73 |
| - Net gain on Fair value change on financial instrument | 27E | 143.01 | 127.31 |
| - Service Income | 27F | 75.70 | 124.35 |
| Total Revenue from operations (I) | | 13,134.70 | 10,925.63 |
| Other income (II) | 28 | 1.03 | 21.18 |
| Total Income (III) = (I) + (II) | | 13,135.73 | 10,946.81 |
| Expenses | | | |
| - Finance costs | 29 | 4,592.40 | 3,586.87 |
| - Insurance Claims (net of re-insurance) | 30 | 2,571.92 | 2,340.84 |
| - Impairment of Financial Instruments | 31 | 1,177.99 | 350.24 |
| - Employee benefits expense | 32 | 837.29 | 758.90 |
| - Depreciation and amortisation expense | 16, 17 | 149.81 | 77.91 |
| - Other expenses | 33 | 2,000.70 | 1,697.26 |
| Total Expenses (IV) | | 11,330.11 | 8,812.02 |
| Profit before tax (V) = (III) - (IV) | | 1,805.62 | 2,134.79 |
| Tax expense/(benefit) | | | |
| Current tax | | | |
| - Pertaining to profit for the current period | | 687.30 | 875.32 |
| - Adjustment of tax relating to earlier periods | | 0.03 | 16.56 |
| Deferred tax | | (45.49) | (170.81) |
| Net tax expense (VI) | | 641.84 | 721.07 |
| Profit before share of profit/(loss) of Associate & Joint Venture - A = (V) - (VI) | | 1,163.78 | 1,413.72 |
| Share of profit/(loss) of associate & Joint venture (net) - after tax (B) | | 1.27 | 1.11 |
| Profit for the year - (C) = (A) + (B) | | 1,165.05 | 1,414.83 |

Consolidated Ind AS Statement of Profit and Loss

For the year ended March 31, 2020

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

| Particulars | Note No. | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|----------|---------------------------|---------------------------|
| Other Comprehensive income: | | | |
| i) Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | | |
| Re-measurement gains and (losses) on defined benefit obligations (net) | | (5.41) | (8.02) |
| Tax on above adjustments | | 1.36 | 2.78 |
| Net gain/(loss) on FVTOCI equity securities | | (6.93) | (6.96) |
| Tax on above adjustments | | 0.08 | 0.09 |
| ii) Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | | |
| Hedge Reserve | | (92.32) | 13.06 |
| Tax on above adjustments | | 32.61 | (4.36) |
| Other comprehensive income/(loss) for the year (D) | | (70.61) | (3.41) |
| Total comprehensive income for the year (C + D) | | 1,094.44 | 1,411.42 |
| Profit for the year attributable to | | | |
| Equity holders of the parent | | 550.85 | 696.70 |
| Non-controlling interest | | 614.20 | 718.13 |
| Other comprehensive income for the year, net of tax | | | |
| Equity holders of the parent | | (32.64) | (2.03) |
| Non-controlling interest | | (37.97) | (1.38) |
| Total comprehensive income for the year, net of tax | | | |
| Equity holders of the parent | | 518.21 | 694.67 |
| Non-controlling interest | | 576.23 | 716.75 |
| Earnings per equity share of ₹ 1 each | | | |
| - Basic (₹) | | 29.35 | 37.13 |
| - Diluted (₹) | | 29.34 | 37.12 |
| Summary of significant accounting policies | 5 | | |

The accompanying notes are forming 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

For and on behalf of the Board of Directors

per **Subramanian Suresh**

Partner

Membership No: 083673

Sridharan Rangarajan

Director

M M Murugappan

Chairman

Place : Chennai

Date : June 15, 2020

E Krithika

Company Secretary

N Ganesh

Manager & Chief Financial Officer



Consolidated Ind AS Statement of Changes in Other Equity

For the year ended March 31, 2020

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

a) Equity Share Capital

| | |
|--|--------------|
| Balances as on April 1, 2018 | 18.75 |
| Add: Issue of Share Capital | 0.02 |
| Balances as on March 31, 2019 | 18.77 |
| Add: Issue of Share Capital (₹ 23,796 added during the period) | - |
| Balances as on March 31, 2020 | 18.77 |

b) Other Equity

| Particulars | Share application money pending allotment | Reserve and Surplus | | | | | | Items of other comprehensive income | | | | Total non-controlling interest | Total attributable to equity holders of the parent | | |
|---|---|---------------------|-----------------|----------------------------|----------------------------------|-------------------------|----------------------------|-------------------------------------|-------------------|------------------------------|------------------------------|--------------------------------|--|-------------------------------------|-----------------|
| | | Statutory Reserve | Capital Reserve | Capital Redemption Reserve | Capital Reserve on Consolidation | Debt Redemption Reserve | Securities Premium Account | General Reserve | Retained earnings | Share based payments reserve | Fair valuation of Investment | | | Effective portion of cashflow hedge | Total |
| Opening Balance as at April 01, 2018 | - | 839.66 | 20.01 | 39.15 | - | 10.00 | 1,392.39 | 2,690.73 | 1,371.43 | 10.46 | 13.93 | (20.77) | 6,366.99 | 3,279.41 | 3,290.84 |
| Profit for the year | - | - | - | - | - | - | - | - | 1,414.83 | - | - | - | 1,414.83 | 718.13 | 696.70 |
| Other Comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | - | (5.24) | - | (6.87) | 8.70 | (3.41) | (1.38) | (2.03) |
| Additions during the year | 0.30 | - | - | - | - | - | 6.58 | - | - | 8.15 | - | - | 15.03 | 5.28 | 9.75 |
| Adjustments on account of change in equity interest in subsidiaries/associate | - | - | - | - | (39.82) | - | - | - | - | - | - | - | (39.82) | (6.25) | (32.25) |
| Dividend including DDT | - | - | - | - | - | - | - | (112.51) | - | - | - | - | (112.51) | (74.33) | (38.18) |
| Transfer to reserves from retained earnings during the year | - | 253.31 | - | - | - | 10.00 | - | 700.00 | (963.31) | - | - | - | - | - | - |
| Closing balance as at March 31, 2019 | 0.30 | 1,092.97 | 20.01 | 39.15 | (39.82) | 20.00 | 1,398.97 | 3,390.73 | 1,705.20 | 18.61 | 7.06 | (12.07) | 7,641.11 | 3,920.86 | 3,924.83 |
| Profit for the year | - | - | - | - | - | - | - | - | 1,165.05 | - | - | - | 1,165.05 | 614.20 | 550.85 |
| Other Comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | - | (4.05) | - | (6.85) | (59.71) | (70.61) | (37.97) | (32.64) |
| Movement during the year | (0.20) | - | - | - | - | - | 890.92 | - | - | 11.56 | - | - | 902.28 | 494.60 | 410.78 |

Consolidated Ind AS Statement of Changes in Other Equity

For the year ended March 31, 2020

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

| Particulars | Share application money pending allotment | Reserve and Surplus | | | | | | | Items of other comprehensive income | | | Total non-controlling interest | Total attributable to equity holders of the parent | |
|---|---|---------------------|-----------------|----------------------------|----------------------------------|-------------------------|----------------------------|-----------------|-------------------------------------|------------------------------|------------------------------|--------------------------------|--|-------------------------------------|
| | | Statutory Reserve | Capital Reserve | Capital Redemption Reserve | Capital Reserve on Consolidation | Debt Redemption Reserve | Securities Premium Account | General Reserve | Retained earnings | Share based payments reserve | Fair valuation of Investment | | | Effective portion of cashflow hedge |
| Adjustments on account of change in equity interest in subsidiaries | - | - | - | - | (22.89) | - | - | - | - | - | - | (22.89) | 228.81 | (250.49) |
| Dividend including DDT | - | - | - | - | - | - | - | (140.71) | - | - | - | (140.71) | (109.19) | (31.52) |
| Transfer to reserves from retained earnings during the year | - | 236.67 | - | - | - | - | - | (836.67) | - | - | - | - | - | - |
| Closing balance as at March 31, 2020 | 0.10 | 1,329.64 | 20.01 | 39.15 | (62.71) | 20.00 | 2,289.89 | 3,990.73 | 1,888.82 | 30.17 | 0.21 | 9,474.23 | 5,111.31 | 4,571.81 |

Summary of Significant Accounting Policies - Note 5

The accompanying notes are forming 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

Place : Chennai

Date : June 15, 2020

Sridharan Rangarajan
Director

E Krithika
Company Secretary

M M Murugappan
Chairman

N Ganesh
Manager & Chief Financial Officer

For and on behalf of the Board of Directors



Consolidated Ind AS Cash Flow Statement

For the year ended March 31, 2020

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

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Cash Flow from Operating Activities | | |
| Profit Before Tax | 1,805.62 | 2,134.79 |
| Adjustments for :- | | |
| Depreciation and amortisation expense | 149.81 | 77.91 |
| Provisions/(reversal of provisions) | | |
| - Impairment of financial instruments | 1,177.99 | 350.24 |
| Finance Costs | 4,592.40 | 3,586.87 |
| (Profit) / Loss on Sale of Property plant and equipment (Net) | (0.09) | 0.08 |
| Fair value gain on loss of control in Subsidiary | - | (20.29) |
| Net gain on fair value change in financial instruments | (141.61) | (127.31) |
| Interest Income on deposits and investments | (861.78) | (599.86) |
| Dividend on Investments | (2.24) | (2.97) |
| Share based payment expense | 11.61 | 8.11 |
| | 4,926.09 | 3,272.78 |
| Operating Profit Before Working Capital Changes | 6,731.71 | 5,407.57 |
| Adjustments for :- | | |
| (Increase)/Decrease in operating Assets | | |
| - Loans | (8,040.20) | (11,860.90) |
| - Trade Receivables | 17.15 | 29.16 |
| - Insurance assets | 275.83 | 274.90 |
| - Other Financial Assets | (314.53) | (87.15) |
| - Purchase / Sale / Maturity of Other Investments (Net) | (1,485.55) | (1,233.27) |
| - Other Non Financial Assets | (80.47) | (43.40) |
| Proceeds from de-recognition of financial assets recognised at amortised cost | 4,357.89 | 1,182.20 |
| Increase/(Decrease) in operating liabilities | | |
| - Payables | (158.87) | (161.58) |
| - Other Financial liabilities | (23.33) | 101.60 |
| - Provisions | 20.46 | 12.39 |
| - Insurance Contracts liabilities | 1,401.38 | 1,134.46 |
| - Other Non-Financial liabilities | (11.02) | 1.60 |
| Cash Flow used in Operations | 2,690.45 | (5,242.42) |
| Finance Costs paid | (4,708.78) | (3,686.45) |
| Interest Received on deposits and investments | 883.12 | 561.56 |
| Dividend received | 2.24 | 2.97 |
| Income tax paid (Net of refunds) | (781.21) | (909.88) |
| Net Cash Used in Operating Activities (A) | (1,914.18) | (9,274.22) |

Consolidated Ind AS Cash Flow Statement

As at March 31, 2020

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

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Cash Flow from Investing Activities | | |
| Purchase of Property, Plant and Equipment and Intangible Assets | (97.93) | (84.68) |
| Proceeds from Sale of Property, Plant and Equipment and Intangible Assets | 1.44 | 3.08 |
| Intangible assets under development | - | (11.57) |
| Net Cash Used in Investing Activities (B) | (96.49) | (93.17) |
| Cash Flow from Financing Activities | | |
| Proceeds from issue of Share Capital (Including Securities Premium) | 0.47 | 6.90 |
| Proceeds from issue of Shares by subsidiary to non controlling interest | 895.84 | - |
| Proceeds from issue of debt securities | 19,405.25 | 17,096.61 |
| Redemption of Debt securities | (26,052.86) | (17,365.33) |
| Borrowing - Other than debt securities | 45,113.24 | 29,850.62 |
| Repayment of borrowing - Other than debt securities | (33,933.50) | (18,005.01) |
| Proceeds from issue of subordinated liabilities | 450.00 | 821.00 |
| Repayment of subordinated liabilities | (295.00) | (186.50) |
| Payment of Lease Liabilities | (65.97) | - |
| Purchase of shares in subsidiary from non-controlling interest | (24.26) | (39.82) |
| | 5,493.21 | 12,178.47 |
| Investment in Fixed Deposits (Net of withdrawals) | (2,924.71) | 104.42 |
| Dividends Paid (Including Distribution Tax) | (141.30) | (112.27) |
| Net Cash Flow From Financing Activities (C) | 2,427.20 | 12,170.62 |
| Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C) | 416.53 | 2,803.23 |
| Cash and Cash Equivalents at the Beginning of the year | 3,279.16 | 476.43 |
| Less: Cash and bank balances on loss of control in subsidiary during the year | - | (0.50) |
| Cash and Cash Equivalents at the End of the year | 3,695.69 | 3,279.16 |

Summary of significant accounting policies - Note 5

The accompanying notes are forming 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

Place : Chennai
Date : June 15, 2020

Sridharan Rangarajan
Director

E Krithika
Company Secretary

For and on behalf of the Board of Directors

M M Murugappan
Chairman

N Ganesh
Manager & Chief Financial Officer



Notes to Consolidated Ind AS Financial Statements

1. Corporate Information

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

Pursuant to a scheme of arrangement (“the Scheme”) the manufacturing business undertaking of the Company was vested in/ transferred to Tube Investments of India Limited (“the Resulting Company”) vide the order of the National Company Law Tribunal, Chennai (“NCLT”) dated July 17, 2017. The Scheme had an appointed date of April 1, 2016 and came into effect from August 1, 2017. The Company has obtained certificate of registration as a Core Investment Company from Reserve Bank of India (‘RBI’) on January 06, 2020.

The Company undertakes financial services business through its Subsidiaries - Cholamandalam MS General Insurance Company Limited for general insurance business and Cholamandalam Investment and Finance Company Limited for lending operations. Risk advisory services is carried out through a joint venture entity Cholamandalam MS Risk Services Limited. The Company and its Subsidiaries are together referred to as “the Group”

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

The Consolidated Financial Statements were authorised for issue in accordance with a resolution of the directors on June 15, 2020.

2. Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Company, its subsidiaries (being the entities that it controls (including de facto control) and its Associate and Joint Venture as at 31 March 2020. Control is evidenced when the

Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

Notes to Consolidated Ind AS Financial Statements

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., year ended on 31 March.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as fixed assets, are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

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

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

Cash generating unit to which goodwill has been allocated is tested for impairment annually, or more

frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

If the Group loses control over a subsidiary, it:

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

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

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

Investments in Associate and Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.



Notes to Consolidated Ind AS Financial Statements

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

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

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

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the

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

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

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

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

Notes to Consolidated Ind AS Financial Statements

Note 3 - Particulars of consolidation

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

| Name of the Company | Percentage of voting Power as on | |
|--|----------------------------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Subsidiary-Cholamandalam Investment and Finance Company Limited (CIFCL) | 45.50% | 46.39% |
| Subsidiaries of CIFCL (% Holding of CIFCL) | | |
| Cholamandalam Home Finance Limited (CHFL) (formerly known as Cholamandalam Distribution Services Limited) | 100.00% | 100.00% |
| Cholamandalam Securities Limited (CSEC) | 100.00% | 100.00% |
| White Data Systems India Private Limited (Upto Sep 2018) | - | 63.00% |
| Associate of CIFCL (% Holding of CIFCL) | | |
| White Data Systems India Private Limited (from Oct 2018) | 30.87% | 30.87% |
| Subsidiary - Cholamandalam MS General Insurance Company Limited (MSGICL) | 60.00% | 60.00% |
| Subsidiary - Cholamandalam Health Insurance Limited | 99.86% | 99.86% |
| Joint Venture - Cholamandalam MS Risk Services Limited (CMSRSL) | 49.50% | 49.50% |

Note 4 - Basis of Preparation

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

The consolidated financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, fair value through profit and loss (FVTPL) instruments, derivative financial instruments and Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments)."

4.1 Impact of COVID-19 on Group's Operations

The COVID-19 pandemic has resulted in a significant decrease in economic activity across the country. The Government of India and the respective State Governments announced a strict lockdown to contain the spread of the virus which was further extended twice across the nation with some relaxations in specific areas.

CIFCL

4.1.a The COVID-19 pandemic has had a consequential impact on the regular operations of CIFCL, including

lending and collection activities. In respect of CIFCL's loan book, Management has made impairment provisions as more fully explained in Note 4.1.b to the financial statements. However, the full extent of impact of the COVID-19 pandemic on CIFCL's operations and financial metrics (including impact on impairment provisions on loans) will further depend on government and regulatory guidelines and future developments which are uncertain and incapable of estimation at this time.

4.1.b In terms of the COVID-19 Regulatory Package of the RBI, vide guidelines dated March 27, 2020 and April 17, 2020, and in accordance with the Scheme approved by CIFCL's Board of Directors ("Board"), CIFCL has granted to all eligible borrowers, moratorium of three months on the payment of all loan instalments falling due between March 1, 2020 and May 31, 2020. Further, pursuant to RBI notification dated May 23, 2020 the moratorium is being extended for a further period of three months, and in accordance with CIFCL's policy approved by its Board. In this connection, having regard to the guidance provided by the RBI and the Institute of Chartered Accountants of India, extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory Package of the RBI by itself



Notes to Consolidated Ind AS Financial Statements

is not considered to result in significant increase in credit risk as per Ind AS 109. Further, estimates and associated assumptions applied in preparing the financial statements, especially in respect of expected credit loss on loans, are based on historical experience and other emerging/forward looking factors including those arising on account of the COVID-19 pandemic.

CIFCL, inter alia, has used relevant indicators of moratorium along with an estimation of potential stress on probability of defaults and loss given defaults due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans, including on account of potential macro economic conditions and has incrementally provided for an expected credit loss of ₹593.06 crores for the year ended March 31, 2020. However, considering the inherent uncertainty regarding the severity and duration of the pandemic and the resultant economic impact, CIFCL's actual impairment loss could be different from these estimates.

CMSGICL

4.1.c CMSGICL has used the principles of prudence in applying judgements, estimates and assumptions to assess and provide for the impact of the pandemic on the financial statements. Since the pandemic and the lockdown imposed affected the tail end of the financial year, the impact on the financial performance was not significant. Our assessment based on estimates & judgments considering available information does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date.

However, due to the uncertainties associated with the pandemic, the actual impact may not be in line with the current estimates. CMSGICL will continue to closely monitor developments/changes to the estimates- basis the future macro-economic impact. Further, the impact assessment as on date with the available information does not indicate any adverse impact on the ability of CMSGICL to continue as a going concern.

4.2 Standards issued and effective for the year ended March 31, 2020

New and amended standards and interpretations Ind AS 116

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 - Operating Leases-Incentives, Appendix B of Ind AS 17 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17 - Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Balance Sheet.

Lessor accounting under Ind AS 116 remains unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Group is the lessor.

The Group adopted Ind AS 116 using the modified retrospective method of adoption in accordance with Para C8 (c) (ii) to Ind AS 116 with the date of initial application being 1st April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at April 01, 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

The Group has lease contracts for various items of Building. Before the adoption of Ind AS 116, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases except for short-term leases. Refer to Note 5.28 - Leases for the accounting policy beginning 1st April 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as Finance Leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at

Notes to Consolidated Ind AS Financial Statements

the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 were applied to these leases from 1st April 2019.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases. The Right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1st April 2019:

Right-of-use assets of ₹159.73 crores. were recognised and presented separately in the Balance Sheet. Corresponding lease liabilities of ₹168.77 crores were recognised.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that

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

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

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a multinational environment, it assessed whether the Appendix had an impact on its financial statements.

Upon adoption of the Appendix C to Ind AS 12, the Group considered whether it has any uncertain tax positions. The Group determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the Financial Statements of the Group.

4.3 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:



Notes to Consolidated Ind AS Financial Statements

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

Note 5 - Significant accounting policies

5.1 Financial instruments – initial recognition

5.1.1 Date of recognition

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

5.1.2 Initial measurement of financial instruments

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

5.1.3 Measurement categories of financial assets and liabilities

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

- Amortised cost
- FVTPL
- FVTOCI

5.2 Financial assets and liabilities

5.2.1 Bank balances, Loans and Trade receivables at amortised cost

The Group measures Bank balances, Loans and Trade receivables at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial

assets in order to collect contractual cash flows and

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

The details of these conditions are outlined below.

5.2.2 Business model assessment

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

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

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

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

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

5.2.3 The SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial

Notes to Consolidated Ind AS Financial Statements

assets to identify whether they meet the SPPI test.

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

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

5.2.4 Debt Instruments

Amortised cost

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

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

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

FVTOCI

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

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements

are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of Profit and Loss.

5.2.5 Equity instruments at FVOCI

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

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

5.2.6 Debt securities and other borrowed funds

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



Notes to Consolidated Ind AS Financial Statements

5.2.7 Undrawn loan commitments

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

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

5.2.8 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line or changes the business model for managing those assets except where such sales are insignificant considering the size of the operations or exceptional situation for liquidating the assets in accordance with the Asset Liability Management policy of the Group. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations which is evident to external parties. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The Group did not reclassify any of its financial assets or liabilities in 2019-20 and 2018-19.

5.3 Derecognition of financial assets and liabilities

5.3.1 Derecognition of financial assets other than due to substantial modification

5.3.1.1 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

Notes to Consolidated Ind AS Financial Statements

party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

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

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

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

5.3.1.2 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.

5.4 Impairment of financial assets

5.4.1 Overview of the ECL principles

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the 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;



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- 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.

5.4.2 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.

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5.5 Collateral repossessed

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

5.6 Write-offs

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

5.7 Restructured, rescheduled and modified loans

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

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

5.8 Insurance Contracts

5.8.1 Determination of Insurance contract

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event)

adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

5.8.2 Revenue Recognition

Gross premiums

- (i) Premium (net of GST/service tax) is recognised as income on assumption of risk covered as per the terms of the policy, after adjusting for unexpired risk at each contract entered into with the customer. Any cancellations or changes in premium are accounted for in the period in which they occur.
- (ii) Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis.

The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Reinsurance ceded and Commission received on reinsurance

- (i) Reinsurance premium ceded is accounted in the year of commencement of risk in accordance with the treaty arrangements with the reinsurers. In case of re-insurance contracts of long term policies, cession is accounted for the proportionate period to which reinsurance cover is provided as per the treaty. Any related reinsurance cost is recognised when incurred and included in the premium on reinsurance ceded.
- (ii) Unearned reinsurance premiums are those proportions of premiums ceded in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies.



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- (iii) Reinsurance premiums and claims have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed.
- (iv) Commission on reinsurance ceded (including for long term policies) is recognised as income on ceding of reinsurance premium. In case of treaties having sliding scale commission, initial recognition would be as per treaty terms and the same is reviewed as at each reporting period. Profit commission under reinsurance treaties wherever applicable, is accrued based on the computation as per their treaty terms and the same is included in Commission on reinsurance ceded.

5.8.3 Benefits and claims

Gross benefits and claims

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Reinsurance claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Reinsurance Recovery:

Reinsurance Recovery is recognised for all insurance contract liabilities based on contractual agreements with the re-insurer.

5.8.4 Insurance Contract Acquisition costs

Long Term Policies: Direct costs relating to acquisition of new / renewal of insurance contracts are expensed over the policy period.

Other than Long Term Policies: Direct costs relating to acquisition of new / renewal of insurance contracts are expensed in the year in which they are incurred.

5.8.5 Insurance contract liabilities

Insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency.

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims. Therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques based on directives/regulations applicable to actuaries issued by Insurance Regulatory Development Authority (IRDA) time to time. The liability is not discounted for the time value of money as per IRDA regulations. The liabilities are derecognised when the obligation to pay a claim is discharged or is repudiated.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed in accordance with the requirements of Ind AS 104 to determine whether there is any overall excess of expected claims and expenses of Management including deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related prepaid expenses) is inadequate, the deficiency is recognised in the statement of profit or loss by setting up a provision for premium deficiency.

The main assumption underlying claim projection techniques is that the past claims development experience can be used to project future claims development and hence ultimate claim costs. As such, these methods extrapolate the development

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of paid and incurred losses to calculate the expected ultimate claim cost.

5.8.6 Reinsurance ceded to reinsurance counterparties

The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in the statement of profit or loss.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

5.8.7 Insurance Receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of profit or loss.

5.8.8 Insurance Payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using EIR method.

5.8.9 Reinsurance-Off-setting

Reinsurance assets and income or expense from reinsurance contracts are not offset against related

insurance liabilities and the expense or income from the related insurance contracts, respectively.

5.8.10 Terrorism and Nuclear Pool

Premium received from customers on account of Terrorism cover and towards Nuclear policies has been ceded to General Insurance Corporation of India (GIC) Terrorism Pool and Nuclear Pool Account. The Company's share in the Terrorism Pool Account and Nuclear Pool Account with GIC, based on the statements of account received during the current year for the period upto December 31, 2018 and September 30, 2018 respectively.

The resultant surplus/ deficit is reflected as RI Receivable/ Payable on Terrorism and Nuclear Pool. The Company's share in the Terrorism Pool Account with GIC for the period January 1, 2019 to March 31, 2019 will be accounted on receipt of the relevant statements of account from GIC. The Company's share in the Nuclear Pool Account with GIC for the period October 1, 2018 to March 31, 2019 will be accounted on receipt of the relevant statements of account from GIC.

5.9 Hedge accounting

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

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



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the financial reporting periods for which they were designated.

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

5.9.1 Cash flow hedges

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

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

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

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

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

5.10 Recognition of interest income

The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate ('EIR') method for all

financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, to the net carrying amount of the financial asset. 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.

5.11 Taxes

5.11.1 Current Tax

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

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

5.11.2 Deferred Tax

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

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

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

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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.

5.11.3 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.

5.12 Investment in 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.



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5.13 Property, plant and equipment

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

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

| Asset description | Estimated Useful Life |
|-------------------------------------|--|
| Buildings | 60 years |
| Computer Equipment | 3 years |
| Leasehold improvements | Lease period or 5 years whichever is lower |
| Furniture and Fixtures* | 5 years |
| Vehicles* | 4-5 years |
| Other Equipment* | 2 to 5 years |
| Membership card of stock exchanges* | 10 years |
| Electrical Equipments* | 4 years |

*Useful life of assets based on Management's estimation and which are different from those specified in schedule II. Estimated useful life of these assets based on usage and replacement policy of such assets.

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

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

for determining when a performance obligation is satisfied in Ind AS 115.

5.14 Intangible Assets

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

5.15 Impairment of non-financial assets

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

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

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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.

5.16 Retirement and other employee benefits

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

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

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

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



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

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

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

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

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

5.17 Share Based Payments

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

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

and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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

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

5.18 Provisions

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

Provision for Claw Back of Commission Income

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

5.19 Dividends on ordinary shares

The Group recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the Companies Act, 2013 in India, a distribution is

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authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

5.20 Determination of Fair value

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

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

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

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

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

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

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

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

- **Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to

at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

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

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

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

5.21 Recognition of Income

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive



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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 AS 115:

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

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

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

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

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

Also refer 5.8.2 for revenue recognition on insurance contracts and 5.10 for recognition of interest income.

5.21.1 Interest on overdue balances and Other Charges

Overdue interest in respect of loans is recognised upon realisation.

5.21.2 Service Income

- a) Fee income from loans are recognised upon satisfaction of following:
 - i) Completion of service and
 - ii) Certainty over realisation of the fee income.

- b) Servicing and collections fees on assignment are recognised upon completion of service.
- c) Advertising income is recognised over the contract period as and when related services are rendered.
- d) Revenue from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). These include brokerage fees which is charged per transaction executed.
- e) Insurance contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods based on completion of such service.

5.21.3 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.

5.22 Input Tax credit (Service tax/ Goods and Service Tax)

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

5.23 Foreign Currency transactions

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

Transactions in foreign currencies are initially recorded by the Group at their respective functional 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.

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

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

5.24 Earnings Per Share

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

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

5.25 Segment Information

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

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

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

5.26 Cash and Cash equivalents

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

5.27 Cash Flow Statement

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

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

5.28 Leases

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

Company as a lessee

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

a. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities



Notes to Consolidated Ind AS Financial Statements

recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

b. Lease Liabilities

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

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. ROU assets Lease liabilities include these options when it is reasonably certain that they will be exercised. Lease payments on short-term and low-value leases are recognised as expense on a straight-line basis over the lease term.

5.29 Trade receivable

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

5A. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the 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

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amounts of assets and liabilities within the next financial year.

i. De-recognition of Financial instruments

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

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

ii. Fair value of financial instruments

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

iii. Impairment of financial asset

The measurement of impairment losses across all

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

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

The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment

The segmentation of financial assets when their ECL is assessed on a collective basis

Development of ECL models, including the various formulas and the choice of inputs

Determination of temporary adjustments as qualitative adjustment or overlays based on broad range of forward looking information as economic inputs

The Company has considered the impact of Covid-19 pandemic and the moratorium given to borrowers pursuant to the Covid-19 regulatory package announced by Reserve Bank of India, in determination of impairment allowance for the year. Also refer note 4.1b

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

iv. Provisions and other contingent liabilities

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be possible or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to



Notes to Consolidated Ind AS Financial Statements

conclude on these estimates.

v. Evaluation of De-facto Control in the case of control over Cholamandalam Investment and Finance Company Limited (“CIFCL”)

The Group based on the nature and extent of holding in CIFCL, has evaluated the applicability of de-facto control over CIFCL as per the guidelines of Ind AS 110. In accordance with such guidelines, the control assessment is done in the context of the dispersion of the holdings of the other shareholders who have the right to vote, past experience/trends of voting pattern and the current ability of the group to direct the relevant activities unilaterally. Accordingly, CIFCL has been identified as a subsidiary based on the defacto control that the group is able to exercise.

vi. Insurance Contract Liabilities

For Insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date Incurred But Not Recorded (IBNR) and also claims Incurred But Not Enough Reported (IBNER). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder. The said liability is determined by Appointed Actuary based on actuarial principles. The Appointed Actuary has certified that the methodology and assumptions used to estimate the liability are appropriate and in accordance with guidelines and norms issued by the Institute of Actuaries of India in concurrence with the applicable regulations.

The main assumption underlying these techniques is that a Group’s past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical

claims development is mainly analysed by accident years. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

vii. Leases

a. Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

b. Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to for its borrowings.

5B Standards issued but not yet effective

There are no new standards / amendments to the standards that have been issued but not yet effective as at March 31, 2020.

Notes to Consolidated Ind AS Financial Statements

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

Note 6A - Cash And Cash Equivalents

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Cash on hand | 3.33 | 50.07 |
| <u>Balances with banks</u> | | |
| - In Current Accounts | 647.57 | 401.45 |
| - In Deposit Accounts - Original maturity 3 months or less | 3,035.64 | 2,742.62 |
| Cheques, drafts on hand | 9.15 | 85.02 |
| Total | 3,695.69 | 3,279.16 |

Note 6B - Bank Balances Other Than Cash And Cash Equivalents

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| - In Deposit Accounts - Original maturity more than 3 months | 3,207.14 | 131.78 |
| - Non current bank balances | 8.37 | 8.19 |
| - In earmarked accounts | | |
| - In Unpaid Dividend Accounts | 2.63 | 2.94 |
| - Deposits with Banks under lien | 389.70 | 520.55 |
| - Other deposit Account on amalgamation of Cholamandalam Factoring Limited | 0.08 | 0.08 |
| <u>Other bank balances</u> | | |
| - On client and exchange related accounts & other deposits | 10.57 | 2.77 |
| Total | 3,618.49 | 666.31 |

Note 7 - Derivative financial instruments

| Part I | As at March 31, 2020 | | | As at March 31, 2019 | | |
|--|----------------------|--------------------|-------------------------|----------------------|--------------------|-------------------------|
| | Notional amounts | Fair Value -Assets | Fair Value -Liabilities | Notional amounts | Fair Value -Assets | Fair Value -Liabilities |
| (i) Derivatives - Cross Currency Interest Rate Swap | 2,343.70 | 114.20 | - | 2,261.50 | 88.69 | 8.41 |
| Total Derivative financial Instruments | 2,343.70 | 114.20 | - | 2,261.50 | 88.69 | 8.41 |
| Part II | | | | | | |
| Included in above (Part I) are derivatives held for hedging and risk management purposes as follows: | | | | | | |
| Cash flow hedging: | | | | | | |
| Cross currency interest rate swap | 2,343.70 | 114.20 | - | 2,261.50 | 88.69 | 8.41 |
| Total Derivative financial Instruments | 2,343.70 | 114.20 | - | 2,261.50 | 88.69 | 8.41 |

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



Notes to Consolidated Ind AS Financial Statements

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

Note 8 - Receivables (Unsecured)

| Particulars | As at March 31,2020 | As at March 31,2019 |
|------------------------|------------------------|------------------------|
| (i) Trade Receivables | | |
| Considered Good | 15.03 | 41.28 |
| Doubtful | - | - |
| Subtotal (i) | 15.03 | 41.28 |
| (ii) Other Receivables | | |
| Considered Good * | 48.18 | 39.08 |
| Doubtful | - | - |
| Subtotal (ii) | 48.18 | 39.08 |
| Total (i)+(ii) | 63.21 | 80.36 |

* includes dues from related parties

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

Note 9 - Insurance Contract Assets

| Particulars | As at March 31,2020 | As at March 31,2019 |
|---|------------------------|------------------------|
| Due from Insurers | 50.23 | 18.16 |
| Terrorism Pool Receivables | 142.56 | 130.15 |
| Less: Provision for Impairment | - | (0.55) |
| Terrorism Pool Receivables (Net of Provision) | 142.56 | 129.60 |
| Nuclear Pool Receivables | 4.05 | 3.04 |
| Premium Receivable | | |
| - Considered Good | 44.83 | 242.10 |
| - Asset with significant increase in credit risk | 50.27 | 55.87 |
| Less: Provision for Impairment | (4.15) | (4.61) |
| - Assets with significant increase in credit risk (Net of Provisions) | 46.12 | 51.26 |
| - Credit impaired assets | - | - |
| Less: Provision for Impairment | - | - |
| - Credit Impaired Assets (Net of Provisions) | - | - |
| Total | 287.79 | 444.16 |

Movement in Provision for Impairment

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|--|------------------------------|------------------------------|
| At the beginning of the year | 5.16 | 4.61 |
| Movement in Expected credit loss allowances on receivables | (1.01) | 0.55 |
| At the end of the year | 4.15 | 5.16 |

Notes to Consolidated Ind AS Financial Statements

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

Note 10A - Reinsurance - Financial Assets

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Recoverable arising from Claims Outstanding (Refer Note 22 for movement in claims outstanding) | 658.80 | 957.68 |
| Total | 658.80 | 957.68 |

Note 10B - Reinsurance - Non Financial Assets

| | | |
|--|---------------|---------------|
| Recoverable arising from Provision for premium deficiency | - | 18.24 |
| Recoverable arising from Provision for unearned premiums (Refer Note 24 for movement in provision for unearned premium) | 600.65 | 402.99 |
| Total | 600.65 | 421.23 |

Note 11 - Loans

(At amortised cost)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| (i) Bills Discounted | 85.98 | 88.60 |
| (ii) Term loans | 56,832.72 | 53,452.88 |
| Total (A) Gross | 56,918.70 | 53,541.48 |
| Less: Impairment Allowance for (i) & (ii) | (1,522.97) | (930.71) |
| Total (A) Net | 55,395.73 | 52,610.77 |
| (B) (i) Secured by tangible assets | 56,634.36 | 53,031.06 |
| (ii) Unsecured | 284.34 | 510.42 |
| Total (B) - Gross | 56,918.70 | 53,541.48 |
| Less: Impairment Allowance | (1,522.97) | (930.71) |
| Total (B) - Net | 55,395.73 | 52,610.77 |

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

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

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 March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Loan - Outstanding Value | | |
| White Data System India Private Limited - Associate | 3.40 | 3.40 |
| Impairment Provision | | |
| White Data System India Private Limited - Associate | - | - |



Notes to Consolidated Ind AS Financial Statements

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

Note 11.1 - Loans

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

| Particulars | Gross Carrying amount | | | | Impairment allowance | | | |
|---|-----------------------|-----------------|-----------------|------------------|----------------------|---------------|---------------|-----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Bill discounted | | | | | | | | |
| Opening as on April 1, 2019 | 53.67 | 0.40 | 34.53 | 88.60 | 0.13 | 0.03 | 31.57 | 31.73 |
| New assets originated / Increase in existing assets (Net) | 51.23 | 0.42 | 2.50 | 54.15 | 0.31 | 0.04 | 1.00 | 1.35 |
| Exposure de-recognised / matured / repaid | (53.49) | (0.39) | (2.89) | (56.77) | (0.13) | (0.03) | (2.30) | (2.46) |
| Transfer to Stage 3 | - | - | - | - | - | - | - | - |
| Impact on account of exposures transferred during the year between stages | - | - | - | - | - | - | - | - |
| Impact of changes on items within the same stage | - | - | - | - | - | - | 1.46 | 1.46 |
| Closing as on March 31, 2020 | 51.41 | 0.43 | 34.14 | 85.98 | 0.31 | 0.04 | 31.73 | 32.08 |
| Term loans | | | | | | | | |
| Opening as on April 1, 2019 | 49,972.73 | 2,076.17 | 1,403.98 | 53,452.88 | 186.90 | 197.24 | 514.84 | 898.98 |
| New assets originated / Increase in existing assets (Net) | 25,491.93 | 258.34 | 95.14 | 25,845.41 | 286.40 | 39.82 | 40.31 | 366.53 |
| Exposure de-recognised / matured / repaid | (20,604.21) | (1,133.88) | (484.97) | (22,223.06) | (132.14) | (50.73) | (74.97) | (257.84) |
| Transfer to Stage 1 | 596.40 | (559.72) | (36.68) | - | 61.61 | (51.84) | (9.77) | - |
| Transfer to Stage 2 | (1,845.91) | 1,872.14 | (26.23) | - | (8.11) | 14.91 | (6.80) | - |
| Transfer to Stage 3 | (760.58) | (429.31) | 1,189.89 | - | (3.48) | (39.81) | 43.29 | - |
| Impact on account of exposures transferred during the year between stages | 1.39 | 6.82 | 25.62 | 33.83 | 2.32 | 146.04 | 328.67 | 477.03 |
| Impact of changes on items within the same stage | - | - | 44.89 | 44.89 | - | - | 86.79 | 86.79 |
| Write off | (168.42) | (70.34) | (82.47) | (321.23) | (2.59) | (22.21) | (55.80) | (80.60) |
| Closing as on March 31, 2020 | 52,683.33 | 2,020.22 | 2,129.17 | 56,832.72 | 390.91 | 233.42 | 866.56 | 1,490.89 |
| Bills Discounted | | | | | | | | |
| Opening as on April 1, 2018 | 103.16 | 8.50 | 23.43 | 135.09 | 0.26 | 0.62 | 12.70 | 13.58 |
| New assets originated / Increase in existing assets (Net) | 53.52 | 0.39 | 8.92 | 62.83 | 0.13 | 0.03 | 5.96 | 6.12 |
| Exposure de-recognised / matured / repaid | (100.05) | (7.80) | (1.47) | (109.32) | (0.25) | (0.57) | (0.41) | (1.23) |
| Transfer to Stage 3 | (2.96) | (0.69) | 3.65 | - | (0.01) | (0.05) | 0.06 | - |
| Impact on account of exposures transferred during the year between stages (net) | - | - | - | - | - | - | 3.29 | 3.29 |
| Impact of changes on items within the same stage | - | - | - | - | - | - | 9.97 | 9.97 |
| Closing as on March 31, 2019 | 53.67 | 0.40 | 34.53 | 88.60 | 0.13 | 0.03 | 31.57 | 31.73 |

Notes to Consolidated Ind AS Financial Statements

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

| Particulars | Gross Carrying amount | | | | Impairment allowance | | | |
|---|-----------------------|-----------------|-----------------|------------------|----------------------|---------------|---------------|---------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Term Loans | | | | | | | | |
| Opening as on April 1, 2018 | 39,535.37 | 1,955.08 | 1,452.83 | 42,943.28 | 170.09 | 184.36 | 494.32 | 848.77 |
| New assets originated / Increase in existing assets (Net) | 27,396.05 | 281.54 | 54.73 | 27,732.32 | 57.32 | 59.97 | 18.90 | 136.19 |
| Exposure de-recognised / matured / repaid | (15,268.59) | (1,131.92) | (558.52) | (16,959.03) | (18.41) | (39.55) | (60.74) | (118.70) |
| Transfer to Stage 1 | 564.48 | (498.71) | (65.77) | - | 62.06 | (46.42) | (15.64) | - |
| Transfer to Stage 2 | (1,715.30) | 1,782.74 | (67.44) | - | 22.98 | (8.50) | (14.48) | - |
| Transfer to Stage 3 | (449.07) | (256.31) | 705.38 | - | (2.50) | (24.81) | 27.31 | - |
| Impact on account of exposures transferred during the year between stages (net) | 0.03 | 2.00 | 18.25 | 20.28 | (60.68) | 105.96 | 149.21 | 194.49 |
| Impact of changes on items within the same stage | - | - | 41.44 | 41.44 | (36.67) | (14.57) | 28.85 | (22.39) |
| Write off | (90.24) | (58.25) | (176.92) | (325.41) | (7.29) | (19.20) | (112.89) | (139.38) |
| Closing as on March 31, 2019 | 49,972.73 | 2,076.17 | 1,403.98 | 53,452.88 | 186.90 | 197.24 | 514.84 | 898.98 |

ECL across stages have been computed on collective basis.

Group uses Days past due of the customer to determine the credit quality of loans

Note 12A - Investments In Associate & Joint Venture

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Investment in Equity Instruments | | |
| a) Associate | 24.77 | 25.19 |
| b) Joint Venture | 12.06 | 10.37 |
| Total (A) | 36.83 | 35.56 |

Note 12B - Other Investments

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| a) Debt Securities - At amortised cost | 6,386.07 | 3,891.10 |
| b) Debt Securities - FVTPL | 2,506.59 | 3,400.96 |
| c) Equity Instruments - FVTPL | 78.16 | 149.46 |
| d) Equity Instruments - FVOCI | 10.09 | 19.16 |
| e) Mutual funds - FVTPL | 86.00 | 72.92 |
| Total Other Investments (Gross) | 9,066.91 | 7,533.60 |
| Less: Impairment allowance | (211.06) | (16.89) |
| Total Other Investments (Net) (B) | 8,855.85 | 7,516.71 |
| Total Investments (A)+(B) | 8,892.68 | 7,552.27 |

All Investments represented above are made in India

The Group has designated certain unquoted investments at FVOCI on the basis that these are not held for trading.



Notes to Consolidated Ind AS Financial Statements

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

Analysis of changes in the gross carrying amount and corresponding ECL allowances in relation to Investment at Amortised Cost

| Particulars | Gross Carrying amount | | | | Impairment allowance | | | |
|--|-----------------------|---------------|---------------|-----------------|----------------------|-------------|---------------|---------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Opening as on April 1, 2019 | 3,530.85 | 215.34 | 144.91 | 3,891.10 | 2.15 | 0.24 | 14.50 | 16.89 |
| New assets originated | 3,339.67 | - | 47.90 | 3,387.57 | - | - | - | - |
| Exposure de-recognised or matured | (726.75) | (52.08) | (26.41) | (805.24) | (0.09) | - | - | (0.09) |
| Transfer to Stage 1 | 115.92 | (115.92) | - | - | 0.01 | (0.01) | - | - |
| Transfer from Stage 1 to Stage 2 | (422.57) | 422.57 | - | - | (0.19) | 0.19 | - | - |
| Transfer from Stage 1 to Stage 3 | (259.47) | - | 259.47 | - | (1.63) | - | 1.63 | - |
| Transfer from Stage 2 to Stage 3 | - | (47.35) | 47.35 | - | - | (0.24) | 0.24 | - |
| Investments Written off | - | - | (87.36) | (87.36) | - | - | (87.36) | (87.36) |
| Increase in impairment allowance within the same stage | - | - | - | - | - | - | 281.62 | 281.62 |
| Closing as on March 31, 2020 | 5,577.65 | 422.56 | 385.86 | 6,386.07 | 0.25 | 0.18 | 210.63 | 211.06 |
| Opening as on April 1, 2018 | 3,751.30 | 108.32 | - | 3,859.62 | 0.51 | 0.04 | - | 0.55 |
| New assets originated | 352.98 | 39.58 | 30.00 | 422.56 | 2.00 | (0.01) | - | 1.99 |
| Exposure de-recognised or matured | (369.08) | - | - | (369.08) | (0.15) | - | - | (0.15) |
| Transfer to Stage 1 | - | - | - | - | - | - | - | - |
| Transfer to Stage 2 | (67.44) | 67.44 | - | - | (0.21) | 0.21 | - | - |
| Transfer to Stage 3 | (136.91) | - | 136.91 | - | - | - | 14.50 | 14.50 |
| Investments Written off | - | - | (22.00) | (22.00) | - | - | - | - |
| Closing as on March 31, 2019 | 3,530.85 | 215.34 | 144.91 | 3,891.10 | 2.15 | 0.24 | 14.50 | 16.89 |

Note 13 - Other Financial Asset (at amortised cost)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Unsecured - considered good (unless otherwise stated) | | |
| Security Deposits | 59.82 | 40.45 |
| Interest Only Strip receivable | 357.82 | 90.62 |
| Accrued Income on Debt Securities at FVTPL | 38.31 | 85.33 |
| Other Advances | 74.35 | 46.39 |
| Total | 530.30 | 262.79 |

Note 14 - Deferred Tax

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Deferred Tax Assets | | |
| Impairment on financial instrument | 433.35 | 335.02 |
| Unexpired Premium Reserve (UPR) difference | 112.05 | 149.59 |
| Provision for Contingencies and undrawn commitments | 10.04 | 15.66 |
| Provision for Compensated Absences and Gratuity | 17.17 | 17.16 |

Notes to Consolidated Ind AS Financial Statements

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Fair value changes relating to Equity-FVTPL | 7.25 | - |
| Impact of Effective interest rate adjustment on Financial Assets | 78.15 | 97.61 |
| Contract liabilities as per IND AS 115 | 4.13 | 9.95 |
| Difference between Depreciation as per Books of Account and the Income Tax Act, 1961. | 9.68 | 6.82 |
| Carry forward of tax losses | 2.54 | 2.99 |
| MAT credit entitlement | 2.93 | 3.27 |
| Items recognised in OCI | 27.62 | - |
| Others | 6.66 | 4.08 |
| (A) | 711.57 | 642.15 |
| Deferred Tax Liability | | |
| Impact of Effective interest rate adjustment on Financial Liabilities | 4.24 | 8.56 |
| Fair value changes relating to Equity & Debt instruments-FVTPL | 9.71 | 18.75 |
| Difference between Depreciation as per Books of Account and the Income Tax Act, 1961. | 0.75 | - |
| Items recognised in OCI | - | 6.55 |
| Others | 9.74 | 0.22 |
| (B) | 24.44 | 34.08 |
| Net Deferred Tax Assets (A) - (B) | 687.13 | 608.07 |

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|-------------|----------------------|-------------|
| | Income Statement | OCI | Income Statement | OCI |
| Deferred Tax Assets | | | | |
| Impairment on financial instrument | 98.33 | - | 45.51 | - |
| Unexpired Premium Reserve (UPR) difference | (37.54) | - | 75.50 | - |
| Provision for Contingencies and undrawn commitments | (5.62) | - | 1.77 | - |
| Provision for Compensated Absences and Gratuity | 0.01 | - | 3.92 | - |
| Fair value changes relating to Equity-FVTPL | 7.25 | - | - | - |
| Impact of Effective interest rate adjustment on Financial Assets | (19.46) | - | 35.54 | - |
| Contract Liability as per IND AS 115 | (5.82) | - | - | - |
| Difference between Depreciation as per Books of Account and the Income Tax Act, 1961. | 2.86 | - | (1.04) | - |
| Re-measurement gains / (losses) on defined benefit plans (Net) | - | 1.36 | - | 2.78 |
| Fair value changes relating to Equity-FVTOCI | - | 0.08 | - | 0.09 |
| Carry forward of tax losses | (0.45) | - | 2.99 | - |
| MAT credit entitlement | (0.34) | - | - | - |
| Others | 2.58 | - | 0.29 | - |
| (A) | 41.80 | 1.44 | 164.48 | 2.87 |



Notes to Consolidated Ind AS Financial Statements

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

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|----------------|----------------------|---------------|
| | Income Statement | OCI | Income Statement | OCI |
| Deferred Tax Liability | | | | |
| Impact of Effective interest rate adjustment on Financial Liabilities | (4.32) | - | (3.28) | - |
| Fair value changes relating to Equity & Debt instruments-FVTPL | (9.04) | - | 12.81 | - |
| Difference between Depreciation as per Books of Account and the Income Tax Act, 1961. | 0.75 | - | (1.67) | - |
| Gain on de-recognition of loans | - | - | (14.04) | - |
| Others | 8.92 | - | (0.15) | - |
| Cashflow Hedge Reserve | - | (32.61) | - | 4.36 |
| (B) | (3.69) | (32.61) | (6.33) | 4.36 |
| Net Deferred Tax Assets (A) - (B) | 45.49 | 34.05 | 170.81 | (1.49) |

Note 15 - Investment Properties

| Particulars | Total |
|---|--------------|
| Gross carrying amount as at April 01, 2018 | 28.88 |
| Additions* | 0.08 |
| Disposals | - |
| Gross carrying amount as at March 31, 2019 | 28.96 |
| Additions* | - |
| Disposals | - |
| Gross carrying amount as at March 31, 2020 | 28.96 |
| Accumulated depreciation and impairment | |
| Balance as at April 01, 2018 | - |
| Depreciation for the year | - |
| Depreciation on disposals | - |
| Balance as at March 31, 2019 | - |
| Depreciation for the year | - |
| Depreciation on disposals | - |
| Balance as at March 31, 2020 | - |
| Net Carrying amount | |
| As at March 31, 2019 | 28.96 |
| As at March 31, 2020 | 28.96 |

*Additions represents transfer from Property plant and Equipment

The Group's investment property consists of 4 properties, of which one is a vacant site and one is let out as at March 31, 2020.

Notes to Consolidated Ind AS Financial Statements

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

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

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Rental Income | 0.04 | 0.04 |
| Direct Operating expense for property that generate rental income | 0.01 | 0.01 |
| Direct Operating expense for property that did not generate 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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---------------------|-------------------------|-------------------------|
| Investment Property | 27.89 | 29.55 |

v) Sensitivity analysis

| Particulars | Valuation technique | Significant unobservable inputs | Range (Weighted avg) | Sensitivity of the input to fair value | Fair Value (₹ in Crs) | Sensitivity (₹ in Crs) |
|--|-----------------------|---------------------------------|-----------------------------|--|-----------------------|------------------------|
| Investment property As at March 31, 2020 | Based on Market value | Price per Sq. feet | ₹7000 - ₹13,000 per Sq. ft. | 5% | 27.89 | 1.40 |
| Investment property As at March 31, 2019 | Based on Market value | Price per Sq. feet | ₹7000 - ₹13,000 per Sq. ft. | 5% | 29.55 | 1.47 |

Note 16 - Property, Plant And Equipment

| Particulars | Freehold Land | Buildings (Refer Note below) | | Computer Equipment | | Office Equipment | | Furniture and Fixtures | Leasehold Improvements | Vehicles | Total Tangible asset |
|---|---------------|------------------------------|--------------------|--------------------|--------------------|------------------|--------------------|------------------------|------------------------|----------|----------------------|
| | | Own Assets | Right of Use Asset | Own Assets | Right of Use Asset | Own Assets | Right of Use Asset | | | | |
| Gross carrying amount as at April 01, 2018 | 45.36 | 59.21 | - | 51.01 | - | 18.72 | - | 14.56 | 34.44 | 12.39 | 235.69 |
| Additions | - | - | - | 23.17 | - | 6.87 | - | 5.32 | 10.76 | 7.31 | 53.43 |
| Disposals | - | 0.42 | - | 1.54 | - | 1.05 | - | 0.76 | 1.51 | 4.58 | 9.86 |
| Gross carrying amount as at March 31, 2019 | 45.36 | 58.79 | - | 72.64 | - | 24.54 | - | 19.12 | 43.69 | 15.12 | 279.26 |
| Additions | - | 1.37 | 199.77 | 31.30 | 10.11 | 8.73 | 14.52 | 6.85 | 15.30 | 6.88 | 294.83 |
| Disposals | - | 3.98 | 1.93 | 1.04 | - | 1.36 | - | 0.85 | 1.75 | 2.80 | 13.71 |
| Gross carrying amount as at March 31, 2020 | 45.36 | 56.18 | 197.84 | 102.90 | 10.11 | 31.91 | 14.52 | 25.12 | 57.24 | 19.20 | 560.38 |



Notes to Consolidated Ind AS Financial Statements

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

| Particulars | Freehold Land | Buildings (Refer Note below) | | Computer Equipment | | Office Equipment | | Furniture and Fixtures | Leasehold Improvements | Vehicles | Total Tangible asset |
|---|---------------|------------------------------|--------------------|--------------------|--------------------|------------------|--------------------|------------------------|------------------------|----------|----------------------|
| | | Own Assets | Right of Use Asset | Own Assets | Right of Use Asset | Own Assets | Right of Use Asset | | | | |
| Accumulated depreciation / amortisation and impairment | | | | | | | | | | | |
| Balance as at April 01, 2018 | - | 1.08 | - | 18.50 | - | 5.69 | - | 6.90 | 9.02 | 0.46 | 41.65 |
| Depreciation for the year | - | 1.18 | * | 22.14 | - | 5.65 | - | 5.18 | 9.28 | 4.14 | 47.57 |
| Depreciation on disposals | - | 0.33 | - | 0.80 | - | 0.85 | - | 0.68 | 1.37 | 3.25 | 7.28 |
| Balance as at March 31, 2019 | - | 1.93 | - | 39.84 | - | 10.49 | - | 11.40 | 16.93 | 1.35 | 81.94 |
| Depreciation for the year | - | 4.86 | 51.20 | 25.58 | 2.84 | 6.04 | 3.98 | 7.10 | 12.58 | 4.63 | 118.81 |
| Depreciation on disposals | - | 3.98 | - | 1.06 | - | 0.61 | * | 1.21 | 1.64 | 1.93 | 10.43 |
| Balance as at March 31, 2020 | - | 2.81 | 51.20 | 64.36 | 2.84 | 15.92 | 3.98 | 17.29 | 27.87 | 4.05 | 190.32 |
| Net Carrying amount | | | | | | | | | | | |
| As at March 31, 2019 | 45.36 | 56.86 | - | 32.80 | - | 14.05 | - | 7.72 | 26.76 | 13.77 | 197.32 |
| As at March 31, 2020 | 45.36 | 53.37 | 146.64 | 38.54 | 7.27 | 15.99 | 10.54 | 7.83 | 29.37 | 15.15 | 370.06 |

Note:

- Details of Immovable properties of land and buildings whose title deeds have been pledged in favour of Trustees for the benefit of debenture holders as security has been explained in Note 19.1
- Disposal of building (own assets) in 2018-19 includes transfer of ₹0.08 crores to Investment property.

Note 17 - Intangible Assets

| Particulars | Computer Software |
|---|-------------------|
| Gross carrying amount as at April 01, 2018 | 60.88 |
| Additions | 30.03 |
| Disposals | 1.11 |
| Gross carrying amount as at March 31, 2019 | 89.80 |
| Additions | 31.69 |
| Disposals | 2.04 |
| Gross carrying amount as at March 31, 2020 | 119.45 |
| Accumulated Amortization and impairment | |
| Balance as at April 01, 2018 | 22.52 |

Notes to Consolidated Ind AS Financial Statements

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

| Particulars | Computer Software |
|-------------------------------------|----------------------|
| Amortization for the year | 30.34 |
| Amortization on disposals | - |
| Balance as at March 31, 2019 | 52.86 |
| Amortization for the year | 31.00 |
| Amortization on disposals | 2.04 |
| Balance as at March 31, 2020 | 81.82 |
| Net Carrying amount | |
| As at March 31, 2019 | 36.94 |
| As at March 31, 2020 | 37.63 |
| Useful Life of the asset (In Years) | 3 |
| Method of depreciation | Straight line method |

Note 18 - Other Non Financial Assets

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Unsecured - considered good (unless otherwise stated) | | |
| Prepaid expenses | 335.51 | 244.48 |
| Capital Advances | 3.03 | 3.85 |
| Other assets | 140.00 | 150.56 |
| | 478.54 | 398.89 |

Note 19 - Debt Securities (At Amortised Cost)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------------|----------------------|----------------------|
| Redeemable Non-Convertible Debentures | | |
| Medium-Term - Secured | 5,552.53 | 10,321.96 |
| Commercial Papers - Unsecured | 1,582.65 | 3,639.86 |
| Total | 7,135.18 | 13,961.82 |

All debt securities have been contracted in India

19.1 Security

- (i) Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to Vehicle Finance, Home Equity, Bills discounted and other loans and *pari passu* charge on immovable property situated at Chennai.
- (ii) The Group has not defaulted in the repayment of dues to its lenders.
- (iii) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in Note 19.2 based on the Contractual terms basis.



Notes to Consolidated Ind AS Financial Statements

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

19.2 Details of Debentures - Contractual principal repayment value (before inter-company eliminations)

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

| No. of Debentures | Face Value ₹ | Balance as at | | Due date of redemption | Rate of interest % |
|-------------------|--------------|-----------------|-----------------|------------------------|--------------------|
| | | March 31, 2020 | March 31, 2019 | | |
| 250 | 10,00,000 | 25.00 | 25.00 | Nov-26 | 8.55 |
| 1,500 | 10,00,000 | 150.00 | 150.00 | Apr-24 | 8.62 |
| 3,523 | 10,00,000 | 352.30 | 352.30 | Sep-23 | 8.80 |
| 1,350 | 10,00,000 | 135.00 | - | Feb-23 | 7.41 |
| 1,000 | 10,00,000 | 100.00 | - | Dec-22 | 7.98 |
| 1,500 | 10,00,000 | 150.00 | 150.00 | Nov-22 | 8.00 |
| 3,523 | 10,00,000 | 352.30 | 352.30 | Sep-22 | 8.70 |
| 1,050 | 10,00,000 | 105.00 | 105.00 | Mar-22 | 8.35 to 9.06 |
| 3,523 | 10,00,000 | 352.30 | 352.30 | Sep-21 | 8.45 |
| 1,250 | 10,00,000 | 125.00 | - | Aug-21 | 8 |
| 2,550 | 10,00,000 | 255.00 | 255.00 | Jul-21 | 9.06 |
| 4,010 | 10,00,000 | 401.00 | 200.00 | Jun-21 | 8.49 to 8.52 |
| 4,770 | 10,00,000 | 477.00 | 477.00 | Apr-21 | 8.0874 |
| 1,500 | 10,00,000 | 150.00 | - | Mar-21 | 8.85 |
| 600 | 10,00,000 | 60.00 | 60.00 | Feb-21 | 9.09 |
| 1,350 | 10,00,000 | 135.00 | - | Jan-21 | 8.11 |
| 3,500 | 10,00,000 | 350.00 | 350.00 | Dec-20 | 8.00 to 8.98 |
| 1,750 | 10,00,000 | 175.00 | 175.00 | Oct-20 | 7.75 |
| 2,200 | 10,00,000 | 220.00 | 220.00 | Jun-20 | 8.10 to 9.10 |
| 4,800 | 10,00,000 | 480.00 | 480.00 | May-20 | 8.12 to 8.90 |
| 800 | 10,00,000 | 80.00 | 80.00 | Apr-20 | 8.11 to 9.02 |
| 500 | 10,00,000 | - | 50.00 | Mar-20 | 9.02 |
| 9,850 | 10,00,000 | - | 985.00 | Feb-20 | 7.97 to 8.85 |
| 5,500 | 10,00,000 | - | 550.00 | Dec-19 | 7.97 |
| 2,750 | 10,00,000 | - | 275.00 | Nov-19 | 8.10 to 9.10 |
| 5,750 | 10,00,000 | - | 575.00 | Oct-19 | 8.05 to 8.20 |
| 5,850 | 10,00,000 | - | 585.00 | Sep-19 | 8.06 to 8.46 |
| 2,250 | 10,00,000 | - | 225.00 | Aug-19 | 7.50 to 9.90 |
| 7,300 | 10,00,000 | - | 730.00 | Jul-19 | 7.80 to 9.90 |
| 2,750 | 10,00,000 | - | 275.00 | Jun-19 | 9.13 to 9.90 |
| 6,750 | 10,00,000 | - | 675.00 | May-19 | 8.03 to 9.20 |
| 1,100 | 10,00,000 | - | 110.00 | Apr-19 | 8.00 to 9.20 |
| | | 4,629.90 | 8,818.90 | | |

Notes to Consolidated Ind AS Financial Statements

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

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

| No. of Debentures | Face Value ₹ | Balance as at | | Due date of redemption | Redemption price ₹ | Premium ₹ |
|-------------------|--------------|----------------|----------------|------------------------|--------------------|-----------|
| | | March 31, 2020 | March 31, 2019 | | | |
| 500 | 10,00,000 | 50.00 | - | Jan-23 | 12,54,470 | 2,54,470 |
| 1100 | 10,00,000 | 110.00 | 110.00 | May-21 | 12,94,211 | 2,94,211 |
| 1000 | 10,00,000 | 100.00 | 100.00 | Mar-21 | 12,76,583 | 2,76,583 |
| 1150 | 10,00,000 | 115.00 | 115.00 | Dec-20 | 11,92,230 | 1,92,230 |
| 2050 | 10,00,000 | 205.00 | 205.00 | May-20 | 12,63,916 | 2,63,916 |
| 190 | 10,00,000 | 19.00 | 19.00 | Apr-20 | 12,56,100 | 2,56,100 |
| 500 | 10,00,000 | 50.00 | 50.00 | Apr-20 | 13,54,976 | 3,54,976 |
| 800 | 10,00,000 | 80.00 | 80.00 | Apr-20 | 12,74,682 | 2,74,682 |
| 750 | 10,00,000 | - | 75.00 | Sep-19 | 12,66,148 | 2,66,148 |
| 80 | 10,00,000 | - | 8.00 | Jul-19 | 12,98,729 | 2,98,729 |
| 500 | 10,00,000 | - | 50.00 | Jul-19 | 13,63,101 | 3,63,101 |
| 80 | 10,00,000 | - | 8.00 | Apr-19 | 13,08,150 | 3,08,150 |
| 250 | 10,00,000 | - | 25.00 | Apr-19 | 13,13,730 | 3,13,730 |
| | | 729.00 | 845.00 | | | |

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

| No. of Debentures | Face Value ₹ | Balance as at | | Due date of redemption | Put option date | Rate of interest % |
|-------------------|--------------|----------------|----------------|------------------------|-----------------|--------------------|
| | | March 31, 2020 | March 31, 2019 | | | |
| 15 | 10,00,000 | - | 1.50 | Mar-21 | Feb-20 | 8.85 |
| 10 | 10,00,000 | 1.00 | 1.00 | Aug-23 | Jul-21 | 9.06 |
| | | 1.00 | 2.50 | | | |

Note 20 - Borrowings (Other than Debt Securities) at amortised cost

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| A) Term Loans | | |
| i) a) From Banks - Secured | | |
| Ruppee Loans | 34,412.47 | 21,975.92 |
| Foreign currency Loans | 117.88 | 2,004.67 |
| External Commercial Borrowings | 2,473.26 | 346.29 |
| b) From Banks - Unsecured | | |
| Ruppee Loans | - | 150.00 |
| ii) From Other Parties - Secured | | |
| a) Financial Institutions - Ruppee Loans | 1,632.58 | 934.81 |
| b) Securitisation - Ruppee Loans | 4,631.31 | 5,492.61 |



Notes to Consolidated Ind AS Financial Statements

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| iii) From Other Parties - Unsecured | | |
| a) Financial Institutions - Rupee Loans | 200.63 | - |
| b) Loan repayable on demand - Secured from Banks - Rupee Loans | 5.58 | 1,222.48 |
| | 43,473.71 | 32,126.78 |
| Borrowings within India | 41,000.45 | 31,780.49 |
| Borrowings Outside India | 2,473.26 | 346.29 |
| | 43,473.71 | 32,126.78 |

20.1 Security

- (i) Secured term loans from banks and financial institution are secured by way of specific / *pari passu* charge on assets under hypothecation relating to automobile financing and loans against immovable property.
- (ii) Loan repayable on demand is in the nature of Cash Credit from banks are secured by way of floating charge on assets under hypothecation and other assets.
- (iii) The Group has not defaulted in the repayment of dues to its lenders.
- (iv) Securitisation borrowing represents the net outstanding value (Net of Investment in Pass-through Certificates) of the proceeds received by the Group from securitisation trust in respect of loan assets transferred by the Group pursuant to Deed of Assignment. The Group has provided Credit enhancement to the trust by way of cash collateral and Bank guarantee.
- (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 basis.

20.2 Details of term loans - Contractual principal repayment value

| Rate of Interest | Maturity | Instalments | Amount outstanding | |
|------------------|-------------|-------------|--------------------|----------------|
| | | | March 31, 2020 | March 31, 2019 |
| Base Rate / MCLR | < 1 year | 1 | 1,058.33 | 210.00 |
| | | 2 | 1,387.50 | - |
| | | 3 | 571.88 | 120.00 |
| | | 4 | 533.34 | 200.00 |
| | 1 - 2 years | 8 | 600.00 | - |
| | | 1 | 929.17 | 600.00 |
| | | 2 | 966.67 | - |
| | | 4 | 1,920.84 | 600.00 |
| 2 - 3 years | 8 | 600.00 | - | |
| | 1 | 1,300.00 | 400.00 | |
| | 2 | 2,487.51 | - | |
| | 3 | - | 150.00 | |
| | 4 | 795.82 | - | |
| | 8 | 600.00 | - | |
| 3 - 4 years | 1 | 83.33 | - | |

Notes to Consolidated Ind AS Financial Statements

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

| Rate of Interest | Maturity | Instalments | Amount outstanding | |
|--|-------------|-------------|--------------------|----------------|
| | | | March 31, 2020 | March 31, 2019 |
| | | 2 | 1,633.34 | - |
| | | 4 | 600.00 | - |
| | | 6 | - | 1,000.00 |
| | | 8 | 600.00 | - |
| | | 16 | - | 250.00 |
| | 4 - 5 years | 1 | 216.65 | - |
| | | 2 | 900.00 | - |
| | | 4 | 400.00 | - |
| | | 6 | - | 800.00 |
| | | 7 | 93.75 | - |
| | > 5 Years | 1 | 50.00 | - |
| Base Rate/ MCLR + spread (0.05% to 0.92%) | < 1year | 1 | 3,375.00 | 520.00 |
| | | 4 | 800.00 | - |
| | 1 - 2 years | 1 | 4,925.00 | 3,100.00 |
| | | 3 | 187.50 | - |
| | | 4 | 725.00 | 500.00 |
| | | 6 | 125.00 | - |
| | 2 - 3 years | 1 | 187.50 | 5,200.00 |
| | | 2 | 300.00 | - |
| | | 4 | 725.00 | 1,000.00 |
| | | 6 | 125.00 | - |
| | | 8 | - | 1,000.00 |
| | 3 - 4 years | 1 | 125.00 | 1,000.00 |
| | | 2 | 300.00 | - |
| | | 4 | 725.00 | - |
| | | 6 | 125.00 | - |
| | 4- 5 years | 10 | - | 1,000.00 |
| | | 20 | - | 3,000.00 |
| | >5 Years | 2 | 50.00 | - |
| Rate based on T Bill + Spread | < 1 year | 1 | 744.00 | 50.00 |
| | | 2 | 325.00 | - |
| | 1 - 2 years | 1 | 294.00 | 200.00 |
| | | 3 | - | 30.00 |
| | | 4 | 250.00 | - |
| | | 5 | - | 83.34 |
| | 2 - 3 years | 1 | 294.00 | - |
| | | 2 | 125.00 | - |
| | | 4 | - | - |



Notes to Consolidated Ind AS Financial Statements

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

| Rate of Interest | Maturity | Instalments | Amount outstanding | |
|--------------------------------------|-------------------|-------------|---------------------|------------------|
| | | | March 31, 2020 | March 31, 2019 |
| Fixed Rate | 3 - 4 years | 3 | - | 282.00 |
| | < 1year | 1 | - | 740.00 |
| | | 2 | 122.00 | - |
| | | 4 | 280.00 | - |
| | 1 - 2 years | 2 | 60.00 | - |
| | | 4 | 404.00 | - |
| | 2 - 3 years | 4 | 394.00 | - |
| | | 10 | - | 300.00 |
| | | 4 | 244.00 | - |
| | | 16 | - | 630.00 |
| 3Months Repo | 4 - 5 years | 2 | 121.00 | - |
| | < 1year | 4 | 180.00 | - |
| | 1 - 2 years | 1 | 300.00 | - |
| | | 8 | 360.00 | - |
| | 2 - 3 years | 8 | 360.00 | 300.00 |
| Total | | | 35,985.13 | 23,265.34 |
| USD 2Y MIBOR + Spread | < 1year | 1 | 40.00 | - |
| | 1-2 years | 1 | - | 40.00 |
| USD 3M LIBOR + Spread | < 1year | 2 | 116.68 | - |
| | 1-2 years | 5 | - | 200.00 |
| USD 6M LIBOR + Spread | < 1year | 1 | - | 1,475.00 |
| | 1-2 years | 1 | 378.30 | - |
| | 2-3 years | 1 | 1,361.88 | 346.50 |
| | 4 - 5 years | 1 | 696.07 | - |
| Total | | | 2,592.93 | 2,061.50 |
| Details of Securitised loan | | | Amount outstanding* | |
| Rate of Interest | Maturity | | March 31, 2020 | March 31, 2019 |
| Fixed (4.9% to 8%) | Less than 1 year | | 1,580.12 | 1,908.54 |
| | 1-2 year | | 1,243.82 | 1,261.95 |
| | 2-3 year | | 542.13 | 569.71 |
| | 3-4 year | | 152.61 | 138.86 |
| | 4-5 year | | 55.93 | 65.06 |
| | more than 5 years | | 172.22 | 267.00 |
| Total | | | 3,746.83 | 4,211.12 |
| Floating Base Rate/ MCLR - spread | Less than 1 year | | 67.53 | 112.87 |
| | 1-2 year | | 79.28 | 119.21 |
| | 2-3 year | | 84.39 | 122.80 |

Notes to Consolidated Ind AS Financial Statements

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

| Details of Securitised loan | Maturity | Amount outstanding* | |
|-----------------------------|-------------------|---------------------|-----------------|
| | | March 31, 2020 | March 31, 2019 |
| Rate of Interest | | | |
| (0.75% to 2.65%) | 3-4 year | 90.88 | 120.60 |
| | 4-5 year | 94.11 | 123.19 |
| | more than 5 years | 467.06 | 667.86 |
| Total | | 883.25 | 1,266.53 |

* 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 Unsecured rupee loan from Financial Institution is repayable in 5 equal annual instalments beginning March 2021 with effective interest rate of 11.29%.

20.4 Loan repayable on demand represents cash credit and overdraft facilities

Note 21 - Subordinated Liabilities (at amortised cost)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------|-------------------------|-------------------------|
| Perpetual Debt - Unsecured | 1,495.97 | 1,441.79 |
| Subordinated Debt - Unsecured | | |
| a) Rupee Denominated Bonds | 406.77 | - |
| b) Other Subordinated Debts | 2,605.84 | 2,916.89 |
| | 4,508.58 | 4,358.68 |

21.1

- All Subordinated liabilities have been contracted in India.
- The Group has not defaulted in the repayment of dues to its lenders.
- Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in Note 21.2 based on the Contractual terms basis.

21.2 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 | | Due date of redemption | Rate of interest % |
|----------------------|-----------------|----------------|----------------|---------------------------|-----------------------|
| | | March 31, 2020 | March 31, 2019 | | |
| 400 | 1,00,00,000 | 400.00 | - | Jan-30 | 9.25 |
| 3000 | 10,00,000 | 300.00 | 300.00 | Aug-28 | 9.75 |
| 5300 | 10,00,000 | 530.00 | 530.00 | Mar-28 | 9.05 |
| 1500 | 10,00,000 | 150.00 | 150.00 | Aug-27 | 8.53 |
| 2500 | 10,00,000 | 250.00 | 250.00 | Jun-27 | 8.78 to 8.80 |
| 100 | 10,00,000 | 10.00 | 10.00 | Nov-26 | 9.20 |
| 150 | 10,00,000 | 15.00 | 15.00 | Jun-24 | 11.00 |
| 50 | 10,00,000 | 5.00 | 5.00 | May-24 | 11.00 |
| 250 | 10,00,000 | 25.00 | 25.00 | Apr-24 | 11.00 |
| 250 | 10,00,000 | 25.00 | 25.00 | Mar-24 | 11.00 |



Notes to Consolidated Ind AS Financial Statements

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

| No. of Debentures | Face Value ₹ | Balance as at | | Due date of redemption | Rate of interest % |
|-------------------|--------------|-----------------|-----------------|------------------------|--------------------|
| | | March 31, 2020 | March 31, 2019 | | |
| 200 | 10,00,000 | 20.00 | 20.00 | Feb-24 | 11.00 |
| 250 | 10,00,000 | 25.00 | 25.00 | Jan-24 | 11.00 |
| 2000 | 10,00,000 | 200.00 | 200.00 | Nov-23 | 9.08 to 9.20 |
| 500 | 10,00,000 | 50.00 | 50.00 | Oct-23 | 9.08 |
| 150 | 10,00,000 | 15.00 | 15.00 | Sep-23 | 11.00 |
| 600 | 10,00,000 | 60.00 | 60.00 | Dec-22 | 11.05 to 11.25 |
| 3,150 | 10,00,000 | 315.00 | 315.00 | Nov-21 | 10.02 |
| 1,000 | 10,00,000 | 100.00 | 100.00 | Jun-21 | 11.30 |
| 1,000 | 10,00,000 | 100.00 | 100.00 | May-21 | 11.30 |
| 100 | 10,00,000 | 10.00 | 10.00 | Mar-21 | 11.00 |
| 100 | 10,00,000 | 10.00 | 10.00 | Feb-21 | 11.00 |
| 150 | 10,00,000 | 15.00 | 15.00 | Oct-20 | 11.00 |
| 500 | 10,00,000 | 50.00 | 50.00 | Jul-20 | 10.70 |
| 115 | 10,00,000 | 11.50 | 11.50 | May-20 | 11.00 |
| 1,000 | 10,00,000 | 100.00 | 100.00 | Apr-20 | 11.00 |
| 750 | 10,00,000 | - | 75.00 | Dec-19 | 11.50 |
| 700 | 10,00,000 | - | 70.00 | Jun-19 | 11.40 |
| 1,500 | 10,00,000 | - | 150.00 | May-19 | 11.70 to 11.75 |
| | | 2,791.50 | 2,686.50 | | |

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

| No. of Debentures | Face Value ₹ | Balance as at | | Due date of redemption | Redemption price ₹ | Premium ₹ |
|-------------------|--------------|----------------|----------------|------------------------|--------------------|-----------|
| | | March 31, 2020 | March 31, 2019 | | | |
| 150 | 10,00,000 | 15.00 | 15.00 | Nov-23 | 17,57,947 | 7,57,947 |
| | | 15.00 | 15.00 | | | |

iii) Key terms of debentures issued by CMSGICL

| | |
|-------------------------------|---|
| Issue size (₹ Crores) | 100.00 |
| Security Name | 8.75% Chola MS 2027 |
| Coupon Rate | 8.75% |
| Date of Allotment | May 25, 2017 |
| Call option | At the end of five years from the Deemed date of allotment. Such call option may be exercised by the Issuer with the prior approval of IRDAI and in accordance with the IRDAI Regulations. |
| Type of Instrument | Unsecured, subordinated, fully paid-up, listed, redeemable and non-convertible debentures. |
| Security of debentures issued | The debenture issued is Unsecured, subordinated, fully paid-up, listed, redeemable and non-convertible debentures (the "Debentures"). The claims of the Debenture Holders shall be superior to the claims of the investors in preference shares and equity shares of the Issuer in that order but shall be subordinated to the claims of the policyholders and all other creditors. |

Notes to Consolidated Ind AS Financial Statements

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

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

| No. of Debentures | Face Value ₹ | Balance as at | | Maturity Date - Perpetual | Rate of interest % (increase by 100 bps if call option is not exercised on the due date) |
|-------------------|-----------------|-----------------|-----------------|------------------------------|--|
| | | March 31, 2020 | March 31, 2019 | | |
| 1000 | 5,00,000 | 50.00 | - | Dec-29 | 10.75 |
| 1120 | 5,00,000 | 56.00 | 56.00 | Mar-29 | 10.83 |
| 5000 | 5,00,000 | 250.00 | 250.00 | Feb-29 | 10.88 |
| 500 | 5,00,000 | 25.00 | 25.00 | Aug-24 | 12.80 |
| 174 | 10,00,000 | 17.40 | 17.40 | Jul-24 | 12.90 |
| 500 | 5,00,000 | 25.00 | 25.00 | Jun-24 | 12.90 |
| 500 | 5,00,000 | 25.00 | 25.00 | Feb-24 | 12.90 |
| 50 | 10,00,000 | 5.00 | 5.00 | Jan-24 | 12.60 |
| 1,031 | 10,00,000 | 103.10 | 103.10 | Dec-23 | 12.50 to 12.60 |
| 245 | 10,00,000 | 24.50 | 24.50 | Oct-23 | 12.60 |
| 1,000 | 5,00,000 | 50.00 | 50.00 | Oct-23 | 12.90 |
| 300 | 10,00,000 | 30.00 | 30.00 | Feb-23 | 12.80 |
| 1,450 | 10,00,000 | 145.00 | 145.00 | Dec-22 | 12.70 to 12.80 |
| 860 | 5,00,000 | 43.00 | 43.00 | Sep-22 | 12.75 |
| 2,000 | 5,00,000 | 100.00 | 100.00 | Aug-22 | 12.90 |
| 200 | 5,00,000 | 10.00 | 10.00 | Mar-22 | 12.50 |
| 700 | 5,00,000 | 35.00 | 35.00 | Jan-22 | 12.50 |
| 3,500 | 5,00,000 | 175.00 | 175.00 | Dec-21 | 12.50 to 12.95 |
| 320 | 5,00,000 | 16.00 | 16.00 | Aug-21 | 12.50 |
| 413 | 5,00,000 | 20.65 | 20.65 | Jul-21 | 12.50 |
| 2,021 | 5,00,000 | 101.05 | 101.05 | Jun-21 | 12.50 |
| 3,000 | 5,00,000 | 150.00 | 150.00 | Oct-20 | 12.05 |
| | | 1,456.70 | 1,406.70 | | |

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

Note 22 - Insurance Contract Liabilities

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Claims Outstanding (Refer (i) below) | 6,006.81 | 5,188.63 |
| Unclaimed Amount of policy Holders (Refer (ii) below) | 2.01 | 4.88 |
| Agent's balances (Refer (iii) below) | 15.99 | 18.58 |
| Total | 6,024.81 | 5,212.09 |



Notes to Consolidated Ind AS Financial Statements

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

(i) Movement in Claims Outstanding

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| At the beginning of the year - Gross Liability | 5,188.63 | 4,271.02 |
| - Reinsurance Asset (Note 10A) | (957.68) | (955.54) |
| - Net Liability | 4,230.95 | 3,315.48 |
| Claims incurred in the current accident year | 2,451.93 | 2,104.34 |
| Adjustment to claims in prior accident years | 125.36 | 231.16 |
| Claims paid during the year | (1,460.23) | (1,420.03) |
| At the End of the year - Net Liability | 5,348.01 | 4,230.95 |
| - Gross Liability | 6,006.81 | 5,188.63 |
| - Reinsurance Asset (Note 10A) | (658.80) | (957.68) |

(ii) Movement in Unclaimed Amount of policy Holders

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------|-------------------------|-------------------------|
| At the beginning of the year | 4.88 | 15.68 |
| Adjustments during the year | (2.87) | (10.80) |
| At the End of the year | 2.01 | 4.88 |

(iii) Movement in Agent's balances

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------|-------------------------|-------------------------|
| At the beginning of the year | 18.58 | 7.79 |
| Adjustments during the year | (2.59) | 10.79 |
| At the End of the year | 15.99 | 18.58 |

Note 22A - Other Financial Liabilities

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Unpaid Dividend | 2.63 | 2.93 |
| Advances from customers | 19.99 | 19.91 |
| Security Deposits received | 2.16 | 2.21 |
| Collections towards derecognised assets pending remittance | 159.55 | 46.07 |
| Lease liability | 181.38 | - |
| Other liabilities | 163.91 | 300.75 |
| | 529.62 | 371.87 |

Notes to Consolidated Ind AS Financial Statements

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

Note 23 - PROVISIONS

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Provision for Employee Benefits | | |
| - Compensated Absences | 67.90 | 48.25 |
| | 67.90 | 48.25 |
| Other Provisions (Refer Note 42) | | |
| Provision for Contingencies and Service Tax claims | 38.38 | 38.37 |
| Provision for Undrawn commitments | 1.31 | 0.51 |
| | 39.69 | 38.88 |
| | 107.59 | 87.13 |

Note 24 - OTHER NON FINANCIAL LIABILITIES

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Insurance Contract Liabilities | | |
| Provision for unearned premiums (Refer Note (i) below) | 3,300.21 | 2,740.98 |
| Unallocated premium (Refer Note (ii) below) | 178.82 | 136.77 |
| Provision for premium deficiency (opening balance was fully utilised during the year) | - | 23.60 |
| Premium received in advance (Refer Note (iii) below) | 141.70 | 130.72 |
| Total (A) | 3,620.73 | 3,032.07 |
| Others | | |
| Deferred Rent | - | 8.34 |
| Income received in advance | 17.12 | 23.03 |
| Statutory Liabilities | 11.46 | 23.75 |
| Other Liabilities | 9.55 | 2.37 |
| Total (B) | 38.13 | 57.49 |
| Total (A) + (B) | 3,658.86 | 3,089.56 |

(i) Movement in Provision for Unearned Premium

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| At the beginning of the year - Gross Liability | 2,740.98 | 2,246.97 |
| - Reinsurance Asset (Note 10A) | (402.99) | (315.77) |
| - Net Liability | 2,337.99 | 1,931.20 |
| Premiums Written during the year | 3,798.57 | 3,456.68 |
| Premiums recognised during the year | (3,437.00) | (3,049.89) |
| At the End of the year - Net Liability | 2,699.56 | 2,337.99 |
| - Gross Liability | 3,300.21 | 2,740.98 |
| - Reinsurance Asset (Note 10B) | (600.65) | (402.99) |



Notes to Consolidated Ind AS Financial Statements

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

(iii) Movement in Prremium received in advance

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|------------------------------------|-------------------------|-------------------------|
| At the beginning of the year | 130.72 | 151.47 |
| Incurred during the year | 1,253.61 | 762.38 |
| Premium recognised during the year | (1,242.63) | (783.13) |
| At the End of the year | 141.70 | 130.72 |

Note 25 - Equity Share Capital

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|--------------|----------------------|--------------|
| | Nos. | Amount | Nos. | Amount |
| AUTHORISED | | | | |
| Equity Shares of ₹ 1 each with voting rights | 43,00,00,000 | 43.00 | 43,00,00,000 | 43.00 |
| | | 43.00 | | 43.00 |
| ISSUED, SUBSCRIBED AND FULLY PAID UP | | | | |
| Equity Shares of ₹ 1 each with voting rights | 18,77,16,030 | 18.77 | 18,76,92,234 | 18.77 |
| | | 18.77 | | 18.77 |

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

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|--------------|----------------------|--------------|
| | Nos. | Amount | Nos. | Amount |
| Equity Shares | | | | |
| At the beginning of the year | 18,76,92,234 | 18.77 | 18,75,33,696 | 18.75 |
| Issued during the year - Employees Stock Option (ESOP) Scheme | 23,796 | 0.00 | 1,58,538 | 0.02 |
| Outstanding at the end of the year | 18,77,16,030 | 18.77 | 18,76,92,234 | 18.77 |

Note : The Company has received an amount of ₹ 0.002 Crs on allotment of Shares under Employee Stock Option Scheme for the year ended March 31, 2020.

b) Terms/rights attached to Equity shares

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

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

c) Equity Shares held by Holding Company

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|----------------------------|-------------------------|-------------------------|
| Ambadi Investments Limited | 7,07,66,595 | 7,00,66,595 |

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

| Equity Shares | As at March 31, 2020 | | As at March 31, 2019 | |
|----------------------------|----------------------|---------------------------|----------------------|---------------------------|
| | Nos. | % holding in the class | Nos. | % holding in the class |
| Ambadi Investments Limited | 7,07,66,595 | 37.70 | 7,00,66,595 | 37.33 |

Notes to Consolidated Ind AS Financial Statements

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

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

e) Shares reserved for issue under options

Refer Note 43 for details of shares reserved for issue under options.

f) Status on Global Depository Receipts (GDR)

The aggregate number of GDRs outstanding as at March 31, 2020 is 23,460 (as at March 31, 2019 - 28,62,253) each representing one Equity Share of ₹1 face value (Previous Year ₹1 face value). GDR % against total number of shares is 0.01% (as at March 31, 2019 - 1.52%). The GDRs carry the same terms / rights attached to Equity Shares of the Company.

Note 25 - Equity Share Capital

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|--------------|----------------------|--------------|
| | Nos. | Amount | Nos. | Amount |
| AUTHORISED | | | | |
| Equity Shares of ₹ 1 each with voting rights | 430,000,000 | 43.00 | 430,000,000 | 43.00 |
| | | 43.00 | | 43.00 |
| ISSUED, SUBSCRIBED AND FULLY PAID UP | | | | |
| Equity Shares of ₹ 1 each with voting rights | 187,716,030 | 18.77 | 187,692,234 | 18.77 |
| | | 18.77 | | 18.77 |

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

| Particulars | March 31, 2020 | | March 31, 2019 | |
|---|--------------------|--------------|--------------------|--------------|
| | Nos. | Amount | Nos. | Amount |
| Equity Shares | | | | |
| At the beginning of the year | 187,692,234 | 18.77 | 187,533,696 | 18.75 |
| Issued during the year - Employees Stock Option (ESOP) Scheme | 23,796 | 0.00 | 158,538 | 0.02 |
| Outstanding at the end of the year | 187,716,030 | 18.77 | 187,692,234 | 18.77 |

Note : The Company has received an amount of ₹ 0.002 Crs on allotment of Shares under Employee Stock Option Scheme for the year ended March 31, 2020.

b) Terms/rights attached to Equity shares

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

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

c) Equity Shares held by Holding Company

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|----------------------------|-------------------------|-------------------------|
| Ambadi Investments Limited | 70,766,595 | 70,066,595 |



Notes to Consolidated Ind AS Financial Statements

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

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

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|----------------------------|-------------------------|---------------------------|-------------------------|---------------------------|
| | Nos. | % holding in the class | Nos. | % holding in the class |
| Equity Shares | | | | |
| Ambadi Investments Limited | 70,766,595 | 37.70 | 70,066,595 | 37.33 |

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

e) Shares reserved for issue under options

Refer Note 43 for details of shares reserved for issue under options.

f) Status on Global Depository Receipts (GDR)

The aggregate number of GDRs outstanding as at March 31, 2020 is 23,460 (as at March 31, 2019 - 28,62,253) each representing one Equity Share of ₹1 face value (Previous Year ₹1 face value). GDR % against total number of shares is 0.01% (as at March 31, 2019 - 1.52%). The GDRs carry the same terms / rights attached to Equity Shares of the Company.

Note 26 - Other Equity

26a. Statutory Reserve

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

26b. Capital Reserve

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

26c. Capital Reserve On Consolidation

Capital reserve on consolidation represents the effect on reserves on account of additional investment in CIFCL during the year 2018-19 & 2019-20.

26d. Debenture Redemption Reserve

As one of the entity (MSGICL) in the group has issued has issued redeemable non-convertible debentures, it has created Debenture Redemption Reserve (DRR) in accordance with the requirements of The Companies (Share capital and Debentures) Rules, 2014. Pursuant to amendment vide Ministry of Corporate Affairs notification no. G. S. R 574 (E) dated August 16, 2019 of Companies (Share Capital and Debenture) Rules, 2014 MSGICL is not required to create any additional DRR. Other entities in the group are either exempt or creation of DRR is not applicable. Accordingly the group continues to hold the existing DRR of ₹20 crores as at March 31, 2020.

26e. Capital Redemption Reserve

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

Notes to Consolidated Ind AS Financial Statements

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

26f. Securities Premium Account

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

26g. General Reserve

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

26h. Share Based Payments Reserve

Under IND AS 102, fair value of the options granted is required to be accounted as expense over the life of the vesting period as employee compensation costs, reflecting the period of receipt of service. Stock options granted but not vested as on the transition date were valued for expired period, calculated from the grant date till date of transition, and were credited to Share Based Payment reserve.

26i. Retained Earnings

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

26j. Cashflow hedge reserve

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

26k. FVOCI reserve

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

26l. Share Application Money pending Allotment at the end of the year

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

26m. Proposed Dividend

An interim Dividend of ₹0.65 per equity share of the face value of ₹1/- each was declared by the Company at the meeting of Board of Directors held on February 26, 2020 for the financial year 2019-20 and the same has been paid. The Board of Directors in their meeting held on June 15, 2020 have recommended the same to be confirmed as final dividend for FY 2019-20.



Notes to Consolidated Ind AS Financial Statements

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

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Income from Operations | | |
| Note: 27A Interest - on financial assets measured at amortised cost | | |
| (a) Loans | | |
| -Bills Discounting | 7.21 | 10.27 |
| -Term Loans | 7833.75 | 6,455.34 |
| (b) Debt Securities | 604.27 | 501.70 |
| (c) Alternate Investment Fund & Long term Financial Assets | 2.97 | 0.89 |
| (d) Terrorism Pool | 3.48 | 7.90 |
| (e) Bank Deposits | | |
| -Bank Deposits under lien | 38.45 | 43.84 |
| -Other Bank Deposits free of lien | 212.61 | 45.53 |
| (f) Other Deposits | | |
| -Deposits with FIs | 39.61 | - |
| Total (A) | 8,742.35 | 7,065.47 |
| Note: 27B Fees & Commission income * | | |
| -Term Loans | 189.87 | 186.32 |
| -Reinsurance Commission | 275.28 | 260.68 |
| -Other Services | 22.67 | 22.73 |
| Total (B) | 487.82 | 469.73 |
| *Services are transferred at a point in time | | |
| Note: 27C Premium earned (net of re-insurance) (C) | | |
| Total (C) | 3,436.31 | 3,049.10 |
| Gross Earned Premium | | |
| Premium from Direct Business Written | 4,812.33 | 4,541.11 |
| Premium on re-insurance accepted | 11.47 | 10.95 |
| Gross Written Premium | 4,823.80 | 4,552.06 |
| Adjustments for Change in Provision for Unexpired Risks | 559.22 | 494.81 |
| Total Premium Earned (Gross) | 4,264.58 | 4,057.25 |
| Less: Premium ceded to reinsurers | 1,025.92 | 1,095.37 |
| Adjustments for Change in Provision for Unexpired Risks-RI ceded | 197.65 | 87.22 |
| Total Premium income | 3,436.31 | 3,049.10 |
| Note: 27D Investment income | | |
| -Dividend income | 2.24 | 2.97 |
| Total (D) | 2.24 | 2.97 |
| Note: 27E Net gain on fair value changes | | |
| Profit on Sale of Investments - Equity Instruments | | |
| - Realised Gains/(Loss) on Sale of Equity Instruments | 27.72 | 65.37 |
| - Fair Value changes of Equity Instruments | (40.37) | |
| Profit on Sale of Investments - Debt Instruments | | |

Notes to Consolidated Ind AS Financial Statements

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

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| - Realised Gains/(Loss) on Sale of Debt Instruments - FVTPL | 135.77 | 15.93 |
| - Realised Gains/(Loss) on Sale of Debt Instruments - At amortised cost | 30.16 | - |
| - Fair Value changes of Debt Instruments through Profit and Loss Account | (10.27) | 46.01 |
| Total (E) | 143.01 | 127.31 |
| Note: 27F Service Income | | |
| (a) Servicing and Collection fee on Assignment | 4.85 | 2.42 |
| (b) Other Service Income | 70.85 | 88.00 |
| (c) Freight Income | - | 33.93 |
| Total (F) | 75.70 | 124.35 |
| Note: Timing of revenue recognition | | |
| Services transferred at a point of time | 72.70 | 118.29 |
| Services transferred over a time | 3.00 | 6.06 |
| Total | 75.70 | 124.35 |

Details related to services transferred over a time

a) Contract balances

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|----------------------|-------------------------|-------------------------|
| Contract Liabilities | 16.41 | 22.41 |

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

b) Movement in Contract liability during the period

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Contract liability at the beginning of the year | 22.41 | 28.47 |
| Revenue Recognised during the period year | 6.00 | 6.06 |
| Contract liability at the end of the year | 16.41 | 22.41 |

| Particulars | 2019-20 | 2018-19 |
|---|---------|---------|
| c) Total Revenue from contracts with Customer | 324.40 | 371.62 |

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)

f) Performance Obligation:

Servicing and Collection fee on Assignment: to collect the receivable from the customer and transfer the same to the assignee representative.

Other Servicing Income: To 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.



Notes to Consolidated Ind AS Financial Statements

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

Note 28 - Other Income

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Fair Value Gain on loss of control in Subsidiary | - | 20.29 |
| Rent | 0.09 | 0.29 |
| Profit on sale of Fixed Assets (Net) | 0.09 | - |
| Miscellaneous Income | 0.85 | 0.60 |
| Total | 1.03 | 21.18 |

Note 29 - Finance Costs

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Interest on financial liabilities measured at amortised cost | | |
| - Debt Securities | 1,018.21 | 1,745.84 |
| - Borrowings Other than Debt securities | 3,123.84 | 1,492.69 |
| - Subordinated Liabilities | 413.52 | 324.82 |
| Others | | |
| - Bank charges | 20.42 | 23.52 |
| - Interest on lease liability | 16.41 | - |
| | 4,592.40 | 3,586.87 |

Note 30 - Gross Incurred Claims

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Gross claims paid | 2,369.53 | 2,240.79 |
| Changes in Gross claims outstanding | 1,416.00 | 913.31 |
| Change in premium deficiency provision | (23.60) | (247.82) |
| Gross Incurred claims | 3,761.93 | 2,906.28 |
| RI Recovery | | |
| RI Recovery on Claims paid | 909.37 | 820.76 |
| Change in premium deficiency provision | (18.24) | (253.18) |
| Change in contract liabilities ceded to reinsurers | 298.88 | (2.14) |
| Net Incurred Claims | 2,571.92 | 2,340.84 |

Notes to Consolidated Ind AS Financial Statements

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

Note 31 - Impairment on Financial Instruments

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Loss Assets Written Off (Net) -Loans * | 304.27 | 242.48 |
| Impairment provision- Loans-measured at amortised cost | 593.08 | 68.86 |
| Impairment provision- Terrorism Pool Assets /other assets / receivables | (0.89) | 0.55 |
| Impairment provision- Debt Securities-measured at amortised cost** | 194.17 | 16.35 |
| Investments Written Off** | 87.36 | 22.00 |
| | 1,177.99 | 350.24 |

* Includes Loss on disposal of repossessed vehicles - Gross - ₹53.04 crores for the year ended March 31, 2020 (₹ 99.59 crores - March 31, 2019)

** CMSGICL has invested in debt securities of certain companies aggregating ₹495.22 Crores as at 31 Mar 2020 which have defaulted repayment of principal and payment of interest to CMSGICL and certain securities/downgraded to default category by credit rating agencies. These investments are classified as Stage 3 Assets as per Company's Impairment policy which is in line with requirements of Ind AS 109. Accordingly, related provision for impairment of ₹196.13 Crores has been created, wherever required, and write-off of assets aggregating to ₹87.36 Crores were recognised during the financial year ended 31 March 2020 (cumulative provision as at 31 Mar 2020 is ₹210.63 Crores and cumulative write-off as at 31 March 2020 - ₹109.36 Crores). The management is confident of recovery of the carrying amounts of such investments as at March 31, 2020 and is continuously reviewing and taking appropriate steps for the recovery of the same.

Note 32 - Employee Benefits Expense

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Salaries, Bonus and Commission | 747.97 | 686.12 |
| Contribution to Provident and Other Funds | | |
| -Employees' Provident Fund | 40.09 | 27.13 |
| -Superannuation Fund | 3.33 | 7.26 |
| Share based employee payments | 11.61 | 8.11 |
| Gratuity Expense | 11.39 | 8.27 |
| Staff Welfare Expenses | 22.90 | 22.01 |
| | 837.29 | 758.90 |



Notes to Consolidated Ind AS Financial Statements

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

Note 33 - Other Expenditure

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Rent and facility charges | 12.85 | 67.26 |
| Rates and Taxes | 14.55 | 8.06 |
| Energy cost | 18.08 | 15.51 |
| Repairs and Maintenance | 6.63 | 5.56 |
| Communication Costs | 40.00 | 33.76 |
| Business development expense | 0.27 | 0.34 |
| Brokerage | 1.61 | 1.77 |
| Freight charges | - | 33.69 |
| Commission on insurance business | 291.18 | 235.19 |
| Printing and Stationery | 19.37 | 17.60 |
| Advertisement and publicity Expenses | 196.18 | 247.46 |
| Directors Fees, allowances and expenses | 1.52 | 1.02 |
| Marketing expenses | 439.45 | 304.63 |
| Auditors' Remuneration | 2.31 | 1.38 |
| Legal and Professional Charges | 68.45 | 69.05 |
| Insurance | 15.12 | 11.15 |
| Travelling and Conveyance | 69.58 | 59.27 |
| Information Technology Expenses | 66.73 | 58.70 |
| Loss on Sale of Property, Plant and Equipment (Net) | - | 0.08 |
| Recovery Charges | 289.59 | 202.94 |
| Corporate Social Responsibility Expenditure | 34.74 | 29.60 |
| Outsource cost | 361.20 | 249.13 |
| Miscellaneous Expenses (Note 33.1) | 51.44 | 44.90 |
| | 2,000.85 | 1,698.05 |
| Less : Expenses Recovered | (0.15) | (0.79) |
| | 2,000.70 | 1,697.26 |

Note :

33.1 Miscellaneous Expenses includes:

| | | |
|-----------------------------|------|------|
| Donation to electoral trust | 5.00 | - |
| Other donations | - | 0.50 |

Notes to Consolidated Ind AS Financial Statements

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

Note 34 - Earnings Per Share

| Particulars | Year ended | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Profit After Tax (₹ Crs) | 550.85 | 696.70 |
| Weighted Average Number of Equity Shares (Basic) | 18,77,09,982 | 18,76,55,191 |
| Add: Dilutive effect relating to ESOP | 18,076 | 28,861 |
| Weighted Average Number of Equity Shares (Diluted) | 18,77,28,058 | 18,76,84,052 |
| Earnings per Share – Basic (₹) | 29.35 | 37.13 |
| Earnings per Share – Diluted (₹) | 29.34 | 37.12 |
| Face Value Per Share (₹) | 1 | 1 |

Note:

Earnings per Share calculations are done in accordance with Ind AS 33 “Earnings per Share”.

Note 35 - Income tax reconciliation

| Particulars | Year ended | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Accounting profit before tax from continuing operations | 1,805.62 | 2,134.79 |
| Income tax rate of 25.17% (March 31, 2019 – 29.12%) | 454.47 | 621.65 |
| Effects of: | | |
| Difference in tax base for Donation & CSR expense | 3.71 | 5.14 |
| Share based payment expense – No deduction claimed under tax | 2.90 | 2.79 |
| Deduction u/s 35(1)(ii) | - | (1.89) |
| Deduction u/s 80JJA | (0.19) | (3.60) |
| Tax free interest income accrued | (5.02) | 13.30 |
| Dividend Income – exempt from tax | (0.41) | 0.83 |
| Exempt income on short term capital gains | - | 1.52 |
| Prior period provision accounted | - | 0.60 |
| Dividend distribution tax attributable to dividend received from subsidiary | 12.70 | - |
| Effect of enacted tax rate on opening deferred tax asset | 169.75 | - |
| Different tax rate adopted by Subsidiaries * | - | 88.05 |
| Other adjustments | 3.93 | (7.32) |
| Income tax expense reported in statement of Profit and Loss | 641.84 | 721.07 |

* The Statutory Income tax rate for the Company for March 31, 2019 was 29.12%, whilst for the subsidiaries it was 34.94%



Notes to Consolidated Ind AS Financial Statements

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

Note 36 - Transfer of financial assets

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 transferred certain loans, however the Group has not transferred substantially all risks and rewards, hence these assets have not been de-recognised in its entirety.

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Securitisations | | |
| Carrying amount of transferred assets measured at amortised cost (Held as collateral) | 4,928.03 | 5,642.73 |
| Carrying amount of associated liabilities (Debt securities - measured at amortised cost) | 4,631.31 | 5,492.61 |
| Fair value of assets | 4,859.91 | 5,871.98 |
| Fair value of associated liabilities | 4,655.51 | 5,508.60 |
| Net position at Fair Value | 204.40 | 363.38 |

(B) Direct bilateral assignment

The Group has transferred 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 extent of 90% of the assets 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.

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Assignment | | |
| Carrying amount of de-recognised financial asset | 5,125.85 | 1,671.17 |
| Carrying amount of Retained Assets at amortised cost | 557.89 | 190.20 |

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| Assignment | | |
| Gain on sale of the de-recognised financial asset | 247.27 | 86.70 |

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.

Notes to Consolidated Ind AS Financial Statements

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

Note 37 - Micro, Small & Medium Enterprises

Based on and to the extent of the information received by the Group from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors.

The relevant particulars are furnished below:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Principal amount due to suppliers under MSMED Act, as at the year end | 1.01 | 0.18 |
| Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end | - | - |
| Payment made to suppliers (other than interest) beyond the appointed day, during the year | - | - |
| Interest paid to suppliers under MSMED Act (other than Section 16) | - | - |
| Interest paid to suppliers under MSMED Act (Section 16) | - | - |
| Interest due and payable to suppliers under MSMED Act, for payments already made | - | - |
| Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act | - | - |

Note 38 - Retirement Benefit

A) Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions and where there is no legal or constructive obligation to pay further contributions. During the year, the Group recognised ₹ 40.09 Crores (Previous Year - ₹ 27.13 Crores) to Provident Fund under Defined Contribution Plan, ₹ 3.33 Crores (Previous Year - ₹ 7.26 Crores) for Contributions to Superannuation Fund and ₹ 1.08 Crores (Previous Year - ₹ 2.08 Crores) for Contributions to Employee State Insurance Scheme in the Statement of Profit and Loss.

B) Gratuity

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



Notes to Consolidated Ind AS Financial Statements

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

Details of Actuarial Valuation:

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Projected Benefit Obligation at the beginning of the year | 57.95 | 41.95 |
| Current Service Cost | 10.46 | 7.85 |
| Interest Cost | 4.21 | 3.06 |
| Remeasurement Losses/(Gains) | | |
| a) Effect of changes in demographic assumptions | (0.20) | 1.38 |
| b) Effect of experience adjustments | 0.51 | 5.66 |
| c) Effect of changes in financial assumptions | 4.74 | 0.28 |
| Benefits paid | (2.80) | (2.40) |
| Transfer in / Out | (0.19) | 0.17 |
| Projected Benefit Obligation at the end of the year | 74.68 | 57.95 |
| Change in Plan Assets | | |
| Fair Value of Plan Assets at the Beginning of the Year | 45.18 | 40.74 |
| Expected Returns on Plan Assets | 3.38 | 2.64 |
| Employer's Contribution | 13.06 | 4.73 |
| Benefits paid | (2.80) | (2.40) |
| Return on plan assets (excluding interest income) | 0.36 | (0.70) |
| Transfer in / Out | - | 0.17 |
| Fair Value of Plan Assets at the end of the year | 58.38 | 45.18 |
| Amount Recognised in the Balance Sheet | | |
| Fair Value of Plan Assets as at the End of the Year | 58.38 | 45.18 |
| Liability at the End of the Year | 74.68 | 57.95 |
| Amount Recognised in the Balance Sheet | (16.30) | (12.77) |
| Cost of the Defined Benefit Plan for the Year | | |
| Current Service Cost | 10.46 | 7.85 |
| Net interest (income) / expense | 4.21 | 3.06 |
| Expected Return on Plan Assets | (3.28) | (2.64) |
| Net Cost recognized in the statement of Profit and Loss | 11.39 | 8.27 |
| Remeasurement Losses /(Gains) | | |
| a) Effect of changes in demographic assumptions | (0.20) | 1.38 |
| b) Effect of experience adjustments | 0.51 | 5.66 |
| c) Return on plan assets (excluding interest income) | 0.36 | 0.70 |
| d) Effect of changes in financial assumptions | 4.74 | 0.28 |
| Net cost recognised in Other Comprehensive Income | 5.41 | 8.02 |
| Assumptions | | |
| Discount Rate | 6.27% to 6.45% p.a. | 7.00% to 7.30% p.a. |
| Future salary increase | 7.00% to 7.50% p.a. | 7.50% p.a. |

Notes to Consolidated Ind AS Financial Statements

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

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|--|--|
| Attrition Rate | | |
| Senior management | 13% p.a. | 13% p.a. |
| Middle management | 13% p.a. | 13% p.a. |
| Others | 13% to 15% p.a. | 13% to 17% 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 |
| Expected Payment for future years | | |
| Within the next 12 months (next annual reporting period) | 8.96 | 7.31 |
| Between 2 and 5 years | 37.70 | 28.40 |
| Between 5 and 10 years | 33.41 | 26.66 |
| Beyond 10 Years | 33.63 | 27.58 |
| Total Expected Payments | 113.70 | 89.95 |

Sensitivity Analysis:

| Particulars | Year ended March 31, 2020 | | Year ended March 31, 2019 | |
|--|------------------------------|----------|------------------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Discount Rate (+/- 0.50% - 1%) | 81.87 | 91.57 | 54.62 | 60.38 |
| Salary Growth Rate (+/- 0.50% - 1%) | 90.98 | 82.24 | 60.58 | 54.44 |
| Attrition Rate (+/- 5% - 50% of attrition rates) | 83.98 | 89.90 | 56.44 | 58.35 |
| Mortality Rate (+/- 5% - 10% of mortality rates) | 73.38 | 73.38 | 56.45 | 56.45 |

Notes:

- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- The Group's best estimate of contribution during the next year is ₹ 26.23 Crores.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
- The entire Plan Assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC).

C) Compensated Absences

| Assumptions | Year ended March 31, 2020 | Year ended March 31, 2019 |
|------------------------|--|--|
| Discount Rate | 6.27% to 6.45% p.a. | 7.26% to 7.60% p.a. |
| Future salary increase | 7.00% to 7.50% p.a. | 5.50% to 7.50% p.a. |
| Attrition Rate | | |
| Senior management | 13% to 15% p.a. | 11% to 13% p.a. |
| Middle management | 13% to 15% p.a. | 11% to 13% p.a. |
| Others | 13% to 15% p.a. | 11% to 13% p.a. |
| Mortality | Indian Assured Lives (2012-14) Ultimate | Indian Assured Lives (2006-08) Ultimate |

Notes:

- The Group has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2020.
- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- 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.



Notes to Consolidated Ind AS Financial Statements

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

Note 39 - Segment Information

The Group's operations are organised into two primary products/service segments viz. Financial Services and Insurance and allied services. Other business segments of the Group presented under others includes risk services, broking and distribution services.

During year ending March 31, 2020, the nature of segments are as under:

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

| Particulars | Year ended March 31, 2020 | | | | | |
|--|---------------------------|-----------------|--------------|-------------|-----------------------|------------------|
| | Financing | Insurance | Others | Unallocable | Inter-segment revenue | Total |
| Revenue from Operations | | | | | | |
| - Interest Income | 8,124.66 | 633.36 | 6.22 | - | (21.89) | 8,742.35 |
| - Dividend Income | 0.37 | 1.62 | 76.59 | - | (76.34) | 2.24 |
| - Net gain on derecognition of financial instruments under amortised cost category | 247.27 | - | - | - | - | 247.27 |
| - Premium Income (net) | - | 3,437.00 | - | - | (0.69) | 3,436.31 |
| - Fee & Commission Income | 248.70 | 275.28 | - | - | (36.16) | 487.82 |
| - Net gain on Fair value change on financial instrument | 15.69 | 136.93 | 0.01 | - | (9.62) | 143.01 |
| - Service & Other Income | 75.70 | - | 8.72 | - | (7.69) | 76.73 |
| Segment revenue from Operation | 8,712.39 | 4,484.19 | 91.54 | - | (152.39) | 13,135.73 |
| Segment Expenses | 7,124.17 | 4,267.75 | 4.62 | - | (66.43) | 11,330.11 |
| Segment Profit before taxation | 1,588.22 | 216.44 | 86.92 | - | (85.96) | 1,805.62 |
| Tax expense | | | | | | 641.84 |
| Share of Profit from Associate / Joint Venture | | | | | | 1.27 |
| Profit for the year | | | | | | 1,165.05 |

| Particulars | Year ended March 31, 2019 | | | | | |
|--|---------------------------|-----------|--------|-------------|-----------------------|----------|
| | Financing | Insurance | Others | Unallocable | Inter-segment revenue | Total |
| Revenue from Operations | | | | | | |
| - Interest Income | 6,565.96 | 513.10 | 6.32 | - | (19.91) | 7,065.47 |
| - Dividend Income | 0.23 | 2.36 | 58.09 | - | (57.71) | 2.97 |
| - Net gain on derecognition of financial instruments under amortised cost category | 86.70 | - | - | - | - | 86.70 |
| - Premium Income (net) | - | 3,049.89 | - | - | (0.79) | 3,049.10 |
| - Fee & Commission Income | 247.27 | 260.68 | - | - | (38.22) | 469.73 |
| - Net gain on Fair value change on financial instrument | 63.34 | 53.04 | 1.16 | - | 9.77 | 127.31 |
| - Service and Other Income | 124.35 | - | 29.11 | - | (7.93) | 145.53 |

| Particulars | Year ended March 31, 2019 | | | | | Total |
|---|---------------------------|-----------------|--------------|-------------|-----------------------|------------------|
| | Financing | Insurance | Others | Unallocable | Inter-segment revenue | |
| Segment revenue from Operations | 7,087.85 | 3,879.07 | 94.68 | - | (114.79) | 10,946.81 |
| Segment Expenses | 5,256.32 | 3,598.76 | 23.79 | - | (66.85) | 8,812.02 |
| Segment Profit / (loss) before taxation | 1,831.53 | 280.31 | 70.89 | - | (47.94) | 2,134.79 |
| Tax expense | | | | | | 721.07 |
| Share of Profit from Associate / Joint Venture | | | | | | 1.11 |
| Profit for the year | | | | | | 1,414.83 |

| Particulars | Financing | Insurance | Others | Unallocable | Total |
|-----------------------------|-----------|-----------|--------|-------------|------------------|
| As on March 31, 2020 | | | | | |
| Segment Assets | 63,362.09 | 11,558.79 | 57.60 | - | 74,978.48 |
| Unallocable Assets | - | - | - | 1,059.86 | 1,059.86 |
| Inter-segment Assets | | | | (195.15) | (195.15) |
| Total Assets | | | | | 75,843.19 |
| Segment Liabilities | 55,849.17 | 10,283.19 | 204.09 | - | 66,336.45 |
| Unallocable Liabilities | - | - | - | - | - |
| Inter-segment Liabilities | | | | (195.15) | (195.15) |
| Total Liabilities | | | | | 66,141.30 |
| As on March 31, 2019 | | | | | |
| Segment Assets | 56,868.19 | 10,267.82 | 125.98 | - | 67,261.99 |
| Unallocable Assets | - | - | - | 897.71 | 897.71 |
| Inter-segment Assets | | | | (222.49) | (222.49) |
| Total Assets | | | | | 67,937.21 |
| Segment Liabilities | 51,281.23 | 9,010.74 | 3.27 | - | 60,295.24 |
| Unallocable Liabilities | - | - | - | - | - |
| Inter-segment Liabilities | | | | (222.49) | (222.49) |
| Total Liabilities | | | | | 60,072.75 |

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

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

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



Note 40 - Disclosure in respect of Related Parties

a) List of Related Parties

I. Entity having Significant influence

- a. Ambadi Investments Limited

II. Subsidiaries of Entity having significant influence

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

III. Entity having Substantial voting power in Subsidiary

- a. Mitsui Sumitomo Insurance Company Limited

IV. Joint Venture

- a. Cholamandalam MS Risk Services Limited

V. Associate

- a. White Data Systems India Private Limited

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

Mr. N Ganesh - Manager & Chief Financial Officer

Ms. E Krithika - Company Secretary

VII. Non-Executive Directors

- a. Mr. M. M. Murugappan
- b. Ms. Shubhalakshmi Panse (till November 20, 2019)
- c. Mr. Ashok Kumar Barat (w.e.f August 1, 2018)
- d. Mr. B Ramaratnam (w.e.f March 18, 2019)
- e. Mr. V Ravichandran (w.e.f March 18, 2019)
- f. Mr. Sridharan Rangarajan (w.e.f August 30, 2018)
- g. Mr. M B N Rao (till July 31, 2018)
- h. Mr. N Srinivasan (till July 31, 2018)
- i. Ms. Vasudha Sundararaman (w.e.f. February 12 , 2020)

Note:

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

Notes to Consolidated Ind AS Financial Statements

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

a) Transactions during the year

| Nature of Transactions | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Dividend Payments (Equity Shares) | | |
| a) Ambadi Investments Limited | 16.23 | 8.76 |
| b) Parry Enterprises Limited (₹ 0.0004 Crores for year ended March 31, 2020 and ₹. 0.0003 Crores March 31, 2019) | 0 | 0 |
| c) Mitsui Sumitomo Insurance Company Limited | - | 7.17 |
| d) Directors | 0.11 | 0.08 |
| e) Relative of directors and other entities in which directors are interested | 0.07 | 0.08 |
| Dividend Receipts (Equity Shares) | | |
| a) Cholamandalam MS Risk Services Limited | 0.25 | 0.25 |
| Expenses – Reimbursed | | |
| a) Parry Enterprises Limited | - | 0.03 |
| b) Mitsui Sumitomo Insurance Company Limited | 1.38 | 1.43 |
| c) Cholamandalam MS Risk Services Limited | 0.63 | 0.72 |
| Services Received | | |
| a) Parry Enterprises Limited | 32.82 | 40.62 |
| b) Parry Agro Limited | - | 0.20 |
| c) White Data Systems India Private Limited | 0.32 | 0.33 |
| Interest Income | | |
| a) White Data Systems India Private Limited | 0.28 | 0.18 |
| Services Paid – Technical & Advisory fee | | |
| a) Cholamandalam MS Risk Services Limited | 2.38 | 2.53 |
| Expenses recovered – Rent receipts | | |
| a) Parry Enterprises Limited | 0.01 | 0.01 |
| b) Mitsui Sumitomo Insurance Company Limited | 1.51 | 1.43 |
| c) Cholamandalam MS Risk Services Limited | 0.30 | 0.44 |
| Expenses recovered – Reimbursement of expense | | |
| a) White Data Systems India Private Limited | - | 0.16 |
| Expenses incurred - Premium paid | | |
| a) Parry Enterprises Limited | 0.46 | - |
| b) Parry Agro Limited | 0.01 | - |
| c) Cholamandalam MS Risk Services Limited | 0.04 | 0.03 |
| Expenses recovered – Management expenses | | |
| a) Mitsui Sumitomo Insurance Company Limited | 0.46 | 0.06 |
| Advances/Loans given | | |
| a) Mitsui Sumitomo Insurance Company Limited | 0.56 | - |
| b) Parry Enterprises Limited | 2.39 | - |
| c) White Data Systems India Private Limited | 3.40 | 9.00 |
| d) Cholamandalam MS Risk Services Limited | - | 2.35 |



Notes to Consolidated Ind AS Financial Statements

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

| Nature of Transactions | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Advances/Loans recovered | | |
| a) Mitsui Sumitomo Insurance Company Limited | 0.56 | - |
| b) Parry Enterprises Limited | 2.55 | - |
| c) White Data Systems India Private Limited | 3.40 | 5.72 |
| d) Cholamandalam MS Risk Services Limited | - | 6.83 |
| Reinsurance Ceded | | |
| a) Mitsui Sumitomo Insurance Company Limited | 58.94 | 46.30 |
| Reinsurance Commission Received | | |
| a) Mitsui Sumitomo Insurance Company Limited | 10.55 | 10.62 |
| Reinsurance Recovery Claims | | |
| a) Mitsui Sumitomo Insurance Company Limited | 40.13 | 29.86 |
| Gross Insurance Claims | | |
| a) Parry Enterprises Limited | 0.08 | - |
| Net Insurance Claims | | |
| a) Parry Enterprises Limited | 0.01 | - |
| Market purchase of Equity Shares of CIFCL from Ambadi Investments Limited | 24.26 | 39.82 |
| Commission and Sitting fees to Non-executive directors | 0.65 | 0.33 |

c) Balances Outstanding at the year end

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Loan Receivables | | |
| a) White Data Systems India Private Limited | 3.40 | 3.40 |
| Other Receivables /(Payable) | | |
| a) Parry Enterprises Limited | 0.45 | 0.61 |
| b) Mitsui Sumitomo Insurance Company Limited | 0.22 | 0.12 |
| c) Cholamandalam MS Risk Services Limited | 0.03 | - |
| d) White Data Systems India Private Limited | (0.07) | - |
| Receivable due from other entities carrying on insurance business | | |
| a) Mitsui Sumitomo Insurance Company Limited | 11.61 | 0.29 |

d) Key Managerial Personnel

| Nature of Transaction | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Short- term employee benefits | 1.02 | 0.09 |
| Post-employment pension (defined Contribution) | 0.01 | 0.01 |

Notes to Consolidated Ind AS Financial Statements

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

Note 41 - Contingent Liabilities and Commitments

a) Contested Claims not provided for:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Income tax and Interest on Tax issues where the Group has gone on appeal | 609.77 | 422.91 |
| Decided in the Group's favour by Appellate Authorities and for which the Department is on further appeal with respect to Income Tax | 218.98 | 212.92 |
| Sales Tax issues pending before Appellate Authorities in respect of which the Group is on appeal. | 26.60 | 50.81 |
| Service Tax issues pending before Appellate Authorities in respect of which the Group is on appeal. | 262.77 | 263.53 |
| Disputed claims against the Group lodged by various parties under litigation (to the extent quantifiable) | 85.26 | 67.61 |
| Order in respect of alleged violations of the Provisions of SEBI Act | 0.07 | 0.07 |
| Appeal pertaining to Service Tax payable on turnover charges and ineligible Service Tax Input Credit | 0.68 | 0.68 |

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

b) Commitments

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Capital commitments | 32.30 | 28.19 |
| Investment commitment to Faering Capital India Evolving Fund | - | 0.16 |
| Disbursements – Undrawn lines | 845.35 | 733.45 |

- c) The Supreme Court had passed judgement on February 28, 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 Supreme Court order.

d) Bank Guarantee:

| Particulars | As at March 31, 2020 | As a March 31, 2019 |
|---|-------------------------|------------------------|
| Outstanding bank guarantees given to stock exchanges/stock holding corporation of India limited to meet margin requirements | 16.25 | 16.39 |



Notes to Consolidated Ind AS Financial Statements

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

Note 42 - Changes in Provisions

| Particulars | As at March 31, 2019 | Additional Provision | Utilisation / Reversal | As at March 31, 2020 |
|--|----------------------|----------------------|------------------------|----------------------|
| Provision for Contingencies and Service Tax claims | 38.37 | 0.01 | - | 38.38 |
| Provision for Undrawn commitments | 0.51 | 0.80 | - | 1.31 |

| Particulars | As at April 1, 2018 | Additional Provision | Utilisation / Reversal | As at March 31, 2019 |
|--|---------------------|----------------------|------------------------|----------------------|
| Provision for Contingencies and Service Tax claims | 38.14 | 0.23 | - | 38.37 |
| Provision for Undrawn commitments | 0.12 | 0.39 | - | 0.51 |

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 March 31, 2020 is ₹ 845.35 Crores (₹733.45 Crores 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 March 31, 2020 is ₹ 1.31 Crores (₹ 0.51 Crores as at March 31, 2019).

Notes to Consolidated Ind AS Financial Statements

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

Note 43 - ESOP disclosure of Cholamandalam Financial Holdings Limited.

The stock options granted by the Group and related movements are given below:

a) Company's stock options.

Employee Stock Option Plan 2007

| Particulars | Date of Grant | Options Outstanding as at April 01, 2019 | During the Year 2019-20 | | | Options Outstanding as at March 31, 2020 | Options vested but not exercised as at April 01, 2019 | Options vested but not exercised as at March 31, 2020 | Exercise Price | Weighted Average Remaining Contractual Life |
|--------------|---------------|--|-------------------------|----------------------------|------------------------------|--|---|---|----------------|---|
| | | | Options Granted | Options Cancelled / lapsed | Options Exercised & allotted | | | | | |
| Grant 8 | 29-Jan-11 | 4,776 | - | - | 4,776 | - | 4,776 | - | 96.63 | - |
| Grant 12 | 2-Nov-11 | 31,494 | - | 18,328 | 2,250 | 10,916 | 31,494 | 10,916 | 98.74 | 1.45 |
| Total | | 36,270 | - | 18,328 | 7,026 | 10,916 | 36,270 | 10,916 | | |

Employee Stock Option Plan 2016

| Particulars | Date of Grant | Options Outstanding as at April 01, 2019 | During the Year 2019-20 | | | Options Outstanding as at March 31, 2020 | Options vested but not exercised as at April 01, 2019 | Options vested but not exercised as at March 31, 2020 | Exercise Price | Weighted Average Remaining Contractual Life |
|-------------|---------------|--|-------------------------|----------------------------|------------------------------|--|---|---|----------------|---|
| | | | Options Granted | Options Cancelled / lapsed | Options Exercised & allotted | | | | | |
| Grant 1 | 15-Mar-17 | 109,080 | - | 30,720 | 16,770 | 61,590 | 109,080 | 61,590 | 416.86 | 2.96 |

Employee Stock Option Plan 2007

| Particulars | Date of Grant | Options Outstanding as at April 01, 2018 | During the Year 2018-19 | | | Options Outstanding as at March 31, 2019 | Options vested but not exercised as at April 01, 2018 | Options vested but not exercised as at Mar 31, 2019 | Exercise Price | Weighted Average Remaining Contractual Life |
|--------------|---------------|--|-------------------------|----------------------------|------------------------------|--|---|---|----------------|---|
| | | | Options Granted | Options Cancelled / lapsed | Options Exercised & allotted | | | | | |
| Grant 4 | 31-Jul-08 | 7,344 | - | - | 7,344 | - | 7,344 | - | - | - |
| Grant 7 | 29-Jan-11 | 16,416 | - | - | 16,416 | - | 16,416 | - | - | - |
| Grant 8 | 29-Jan-11 | 15,112 | - | - | 10,336 | 4,776 | 15,112 | 4,776 | 96.63 | 0.83 |
| Grant 12 | 2-Nov-11 | 49,516 | - | - | 18,022 | 31,494 | 49,516 | 31,494 | 98.74 | 2.45 |
| Total | | 88,388 | - | - | 52,118 | 36,270 | 88,388 | 36,270 | - | - |



Notes to Consolidated Ind AS Financial Statements

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

Employee Stock Option Plan 2016

| Particulars | Date of Grant | Options Outstanding as at April 01, 2018 | During the Year 2018-19 | | | Options Outstanding as at March 31, 2019 | Options vested but not exercised as at April 01, 2018 | Options vested but not exercised as at Mar 31, 2019 | Exercise Price | Weighted Average Remaining Contractual Life |
|-------------|---------------|--|-------------------------|----------------------------|------------------------------|--|---|---|----------------|---|
| | | | Options Granted | Options Cancelled / lapsed | Options Exercised & allotted | | | | | |
| Grant 1 | 15-Mar-17 | 222,610 | - | 7,110 | 106,420 | 109,080 | 222,610 | 109,080 | 416.86 | 3.96 |

b) Stock Options of Cholamandalam Investment and Finance Company Limited (CIFCL)

Employee Stock Option Plan 2007

| Particulars | Date of Grant | Options outstanding As at March 31, 2019 | During the Year 2019-20 | | | | Options outstanding As at March 31, 2020 | Options vested but not exercised As at March 31, 2020 | Options unvested As at March 31, 2020 | Exercise Price | Weighted Average Remaining Contractual Life |
|-----------------|---------------|--|--|-----------------|----------------------------|--------------------------------|--|---|---------------------------------------|----------------|---|
| | | | Addition in number of options on account of share split* | Options Granted | Options Forfeited/ Expired | Options Exercised and allotted | | | | | |
| GT 27 JAN 2011A | 27-Jan-11 | 9,163 | 36,652 | - | - | 22,695 | 23,120 | - | 38 | - | |
| GT 27 JAN 2011B | 27-Jan-11 | 5,976 | 23,904 | - | - | 29,880 | - | - | 38 | - | |
| GT 30 APR 2011 | 30-Apr-11 | 7,948 | 31,792 | - | - | 14,500 | 25,240 | - | 33 | - | |
| GT 27 OCT 2011 | 27-Oct-11 | 7,936 | 31,744 | - | - | 9,920 | 29,760 | - | 31 | - | |
| Total | | 31,023 | 124,092 | - | - | 76,995 | 78,120 | - | - | - | |

Employee Stock Option Plan 2016

| Particulars | Date of Grant | Options outstanding As at March 31, 2019 | During the Year 2019-20 | | | | Options outstanding As at March 31, 2020 | Options vested but not exercised As at March 31, 2020 | Options unvested As at March 31, 2020 | Exercise Price | Weighted Average Remaining Contractual Life |
|--------------|---------------|--|--|-----------------|----------------------------|--------------------------------|--|---|---------------------------------------|----------------|---|
| | | | Addition in number of options on account of share split* | Options Granted | Options Forfeited/ Expired | Options Exercised and allotted | | | | | |
| GT25JAN2017 | 25-Jan-17 | 472,842 | 1,891,368 | - | 17,920 | 227,690 | 2,118,600 | 1,376,010 | 742,590 | 202 | 0.82 years |
| GT30JAN2018 | 30-Jan-18 | 49,040 | 196,160 | - | - | 6,715 | 238,485 | 146,535 | 91,950 | 262 | 0.84 years |
| GT30JAN2018A | 30-Jan-18 | 17,960 | 71,840 | - | - | - | 89,800 | 35,920 | 53,880 | 262 | 1.34 years |
| GT23APR2018 | 23-Apr-18 | 8,980 | 35,920 | - | - | - | 44,900 | 8,980 | 35,920 | 312 | 1.19 years |
| GT26JUL2018 | 26-Jul-18 | 54,972 | 219,888 | - | - | - | 274,860 | 68,715 | 206,145 | 299 | 0.82 years |
| GT30OCT2018 | 30-Oct-18 | 73,460 | 293,840 | - | - | - | 367,300 | 73,460 | 293,840 | 254 | 1.71 years |
| GT19MAR2019 | 19-Mar-19 | 117,692 | 470,768 | - | - | - | 588,460 | 146,060 | 442,400 | 278 | 2.09 years |
| GT30JUL2019 | 30-Jul-19 | - | - | 31,632 | - | - | 31,632 | - | 31,632 | 248 | 0.83 years |
| GT05NOV2019 | 5-Nov-19 | - | - | 275,600 | - | - | 275,600 | - | 275,600 | 316 | 2.30 years |
| GT23JAN2020 | 23-Jan-20 | - | - | 53,000 | - | - | 53,000 | - | 53,000 | 317 | 2.52 years |
| Total | | 794,946 | 3,179,784 | 360,232 | 17,920 | 234,405 | 4,082,637 | 1,855,680 | 2,226,957 | - | - |

*Equity shares of face value of ₹10/- have been split into face value of ₹2 per share on June 17, 2019, pursuant to resolution passed through postal ballot on June 3, 2019

Notes to Consolidated Ind AS Financial Statements

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

Employee Stock Option Plan 2007

| Particulars | Date of Grant | Options outstanding As at March 31, 2018 | During the Year 2018-19 | | | Options outstanding As at March 31, 2019 | Options vested but not exercised As at March 31, 2019 | Options unvested As at March 31, 2019 | Exercise Price | Weighted Average Remaining Contractual Life |
|-----------------|---------------|--|-------------------------|----------------------------|--------------------------------|--|---|---------------------------------------|----------------|---|
| | | | Options Granted | Options Forfeited/ Expired | Options Exercised and allotted | | | | | |
| 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 March 31, 2018 | During the Year 2018-19 | | | Options outstanding As at March 31, 2019 | Options vested but not exercised As at March 31, 2019 | Options unvested As at March 31, 2019 | Exercise Price | Weighted Average Remaining Contractual Life |
|--------------|---------------|--|-------------------------|----------------------------|--------------------------------|--|---|---------------------------------------|----------------|---|
| | | | Options Granted | Options Forfeited/ Expired | Options Exercised and allotted | | | | | |
| GT25JAN2017 | 25-Jan-17 | 522,653 | - | 34,940 | 14,871 | 472,842 | 170,418 | 302,424 | 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 | - | 117,692 | - | - | 117,692 | - | 117,692 | 1,390 | 2.67 years |
| Total | | 605,513 | 255,104 | 50,800 | 14,871 | 794,946 | 186,270 | 608,676 | | |



Notes to Consolidated Ind AS Financial Statements

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

The Fair Value of Options used to compute proforma net profit and earnings per Equity Share have been estimated on the date of the grants using Black-Scholes model by an independent consultant. The related compensation cost, if any, is being accounted for by the Resulting Company.

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

a) Company's Stock Options

Employee Stock Option plan 2007

| Grant No. | Vesting Commences on | Risk Free Interest Rate (%) | Expected Life (Years) | Expected Volatility of Share Price (%) | Dividend Yield (%) | Price of the underlying Share in the Market at the time of Option Grand (₹) | Fair Value of the Option (₹) |
|-----------|----------------------|-----------------------------|-----------------------|--|--------------------|---|------------------------------|
| 1 | 31-Oct-08 | 7.71 | 2.50 | 39.11 | 3.43 | 43.37 | 11.34 |
| 2 | 30-Jan-09 | 7.44 | 2.50 | 42.02 | 3.43 | 45.61 | 12.50 |
| 3 | | | | | | | |
| Tr I | 31-Oct-09 | 8.22 - 8.25 | 1.62 - 2.62 | 31.56 - 37.07 | 1.86 | 39.19 | 73.92 - 74.89 |
| Tr II | 31-Oct-09 | 8.22 - 8.25 | 1.62 - 2.62 | 31.56 - 37.07 | 1.86 | 39.19 | 73.92 - 74.89 |
| 4 | | | | | | | |
| Tr I | 31-Jul-09 | 0.00 - 8.24 | 0.00 - 2.99 | 0.00 - 39.82 | 1.86 | 30.67 | 80.83 - 81.68 |
| Tr II | 31-Jul-09 | 0.00 - 8.24 | 0.00 - 2.99 | 0.00 - 39.82 | 1.86 | 30.67 | 80.83 - 81.68 |
| 5 | 31-Oct-09 | 8.21 - 8.31 | 0.12 - 3.24 | 32.28 - 42.55 | 1.86 | 16.73 | 92.20 - 94.76 |
| 6 | 30-Jan-10 | 8.21 - 8.31 | 0.24 - 3.49 | 28.04 - 43.77 | 1.86 | 21.42 | 88.54 - 90.00 |
| 7 | | | | | | | |
| Tr I | 29-Jan-12 | 8.21 - 8.26 | 1.24 - 5.48 | 31.69 - 46.73 | 1.86 | 96.63 | 39.45 - 80.72 |
| Tr II | 29-Jan-12 | 8.21 - 8.26 | 1.24 - 5.48 | 31.69 - 46.73 | 1.86 | 96.63 | 39.45 - 80.72 |
| Tr III | 29-Jan-12 | 8.21 - 8.26 | 1.24 - 5.48 | 31.69 - 46.73 | 1.86 | 96.63 | 39.45 - 80.72 |
| 8 | 29-Jan-12 | 8.21 - 8.26 | 1.24 - 4.48 | 31.69 - 43.79 | 1.86 | 96.63 | 27.22 - 52.67 |
| 9 | 29-Jan-12 | 8.21 - 8.26 | 1.24 - 3.48 | 31.69 - 43.79 | 1.86 | 96.63 | 27.22 - 46.62 |
| 10 | 2-May-12 | 8.21 - 8.25 | 1.37 - 5.74 | 31.38 - 47.27 | 1.86 | 96.63 | 27.90 - 56.06 |
| 11 | 1-Aug-12 | 8.21 - 8.25 | 1.49 - 5.99 | 31.76 - 47.01 | 1.86 | 110.23 | 21.93 - 53.00 |
| 12 | | | | | | | |
| Tr I | 2-Nov-12 | 8.21 - 8.24 | 1.74 - 6.24 | 32.74 - 46.93 | 1.86 | 98.74 | 30.05 - 57.75 |
| Tr II | 2-Nov-12 | 8.21 - 8.24 | 1.74 - 6.24 | 32.74 - 46.93 | 1.86 | 98.74 | 30.05 - 57.75 |

Employee Stock Option plan 2016

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

Notes to Consolidated Ind AS Financial Statements

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

b) Stock Options of Cholamandalam Investment and Finance Company Limited (CIFCL)

ESOP 2007

| Date of Grant | Variables | | | | | Price of the underlying Share in the Market at the time of the Option Grant (₹) | Fair Value of the Option (₹) |
|---|-------------------------|---------------|---------------------|----------------|--------|---|------------------------------|
| | Risk Free Interest Rate | Expected Life | Expected Volatility | Dividend Yield | | | |
| 30-Jul-07 | 7.10% - 7.56% | 3-6 years | 40.64% -43.16% | 5.65% | 193.40 | 61.42 | |
| 24-Oct-07 | 7.87% -7.98% | 3-6 years | 41.24% -43.84% | 5.65% | 149.90 | 44.25 | |
| 25-Jan-08 | 6.14% -7.10% | 3-6 years | 44.58% -47.63% | 5.65% | 262.20 | 78.15 | |
| 25-Apr-08 | 7.79% - 8.00% | 2.5-5.5 years | 45.78% - 53.39% | 3.97% | 191.80 | 76.74 | |
| 30-Jul-08 | 9.14% - 9.27% | 2.5-5.5 years | 46.52% - 53.14% | 3.97% | 105.00 | 39.22 | |
| 24-Oct-08 | 7.54% - 7.68% | 2.5-5.5 years | 48.20% - 55.48% | 3.97% | 37.70 | 14.01 | |
| 27-Jan-11 | | | | | | | |
| - Tranche I | 8% | 4 years | 59.50% | 10% | 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 | |
| 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 | |



Notes to Consolidated Ind AS Financial Statements

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

| 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* |
| | 5-Nov-19 | 6.15% - 6.27% | 3.51 -4.51 years | 32.21% -32.93% | 0.52% | 316.00 | 112.09* |
| | 23-Jan-20 | 6.15% - 6.27% | 3.51 -4.51 years | 32.21% -32.93% | 0.52% | 317.00 | 109.51* |

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

Notes to Consolidated Ind AS Financial Statements

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

Note 44 - Change in liabilities arising from financing activities

| Particulars | March 31, 2019 | Cash flows | Exchange Difference | Other | March 31, 2020 |
|---|----------------|------------|---------------------|----------|----------------|
| Debt Securities. Borrowings other than debt securities and Sub-ordinated liabilities. | 50,447.28 | 4,687.13 | 126.23 | (143.17) | 55,117.47 |

| Particulars | April 1, 2018 | Cash flows | Exchange Difference | Other | March 31, 2019 |
|---|---------------|------------|---------------------|----------|----------------|
| Debt Securities. Borrowings other than debt securities and Sub-ordinated liabilities. | 38,199.97 | 12,211.39 | 137.79 | (101.87) | 50,447.28 |

- (i) Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.,
(ii) Total Liabilities comprises of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities.

Note 45 - Maturity Analysis

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

| Particulars | Maturity | | |
|--|------------------|------------------|------------------|
| | Amount | Within 12 months | After 12 months |
| As on March 31, 2020 | | | |
| Financial Assets | | | |
| Cash and Cash Equivalents | 3,695.69 | 3,695.69 | - |
| Bank balances Other than Cash and Cash Equivalents | 3,618.49 | 3,254.41 | 364.08 |
| Derivative financial instruments | 114.20 | 114.20 | - |
| Receivables | | | |
| i) Trade Receivables | 15.03 | 15.03 | - |
| ii) Other Receivables | 48.18 | 48.18 | - |
| iii) Insurance Contract Assets | 287.79 | 133.55 | 154.24 |
| iv) Re-insurance Assets | 658.80 | 41.18 | 617.62 |
| Loans | 55,395.73 | 12,279.03 | 43,116.70 |
| Investment in Associate & Joint Venture | 36.83 | - | 36.83 |
| Other Investments | 8,855.85 | 3,508.65 | 5,347.20 |
| Other Financial Assets | 530.30 | 235.52 | 294.78 |
| Total Financial Assets | 73,256.89 | 23,325.44 | 49,931.45 |
| Non- Financial Assets | | | |
| Current tax assets (Net) | 330.01 | - | 330.01 |
| Deferred tax assets (Net) | 687.13 | - | 687.13 |
| Goodwill on Consolidation | 42.72 | - | 42.72 |
| Investment Property | 28.96 | - | 28.96 |
| Intangible assets under development | 10.60 | - | 10.60 |
| Property, Plant and Equipment | 370.06 | - | 370.06 |



Notes to Consolidated Ind AS Financial Statements

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

| Particulars | Maturity | | |
|--|------------------|------------------|------------------|
| | Amount | Within 12 months | After 12 months |
| Other Intangible assets | 37.63 | - | 37.63 |
| Re-insurance Assets | 600.65 | 169.72 | 430.93 |
| Other Non-Financial Assets | 478.54 | 262.66 | 215.88 |
| Total Non- Financial Assets | 2,586.30 | 432.38 | 2,153.92 |
| Financial Liabilities | | | |
| Derivative financial instruments | - | - | - |
| Payables | | | |
| i) Trade Payables | 331.04 | 331.04 | - |
| ii) Other Payables | 99.62 | 99.62 | - |
| iii) Other Insurers | 272.29 | 272.29 | - |
| Debt Securities | 7,135.18 | 4,095.98 | 3,039.20 |
| Borrowings(Other than Debt Securities) | 43,473.71 | 11,938.49 | 31,535.22 |
| Subordinated Liabilities | 4,508.58 | 520.23 | 3,988.35 |
| Insurance Contract Liabilities | 6,024.81 | 393.51 | 5,631.30 |
| Other Financial Liabilities | 529.62 | 428.51 | 101.11 |
| Total Financial Liabilities | 62,374.85 | 18,079.67 | 44,295.18 |
| Non-Financial Liabilities | | | |
| Provisions | 107.59 | 107.59 | - |
| Insurance Contract Liabilities | 3,620.73 | 1,894.17 | 1,726.56 |
| Other Non-Financial Liabilities | 38.13 | 18.35 | 19.78 |
| Total Non-Financial Liabilities | 3,766.45 | 2,020.11 | 1,746.34 |

| Particulars | Maturity | | |
|--|-----------|------------------|-----------------|
| | Amount | Within 12 months | After 12 months |
| As on March 31, 2019 | | | |
| Financial Assets | | | |
| Cash and Cash Equivalents | 3,279.16 | 3,279.16 | - |
| Bank balances Other than Cash and Cash Equivalents | 666.31 | 319.10 | 347.21 |
| Derivative financial instruments | 88.69 | 72.29 | 16.40 |
| Receivables | | | |
| i) Trade Receivables | 41.28 | 41.28 | - |
| ii) Other Receivables | 39.08 | 39.08 | - |
| iii) Insurance Contract Assets | 444.16 | 249.82 | 194.34 |
| iv) Re-insurance Assets | 957.68 | 64.99 | 892.69 |
| Loans | 52,610.77 | 16,407.61 | 36,203.16 |
| Investment in Associate & Joint Venture | 35.56 | - | 35.56 |

Notes to Consolidated Ind AS Financial Statements

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

| Particulars | Maturity | | |
|--|------------------|------------------|------------------|
| | Amount | Within 12 months | After 12 months |
| Other Investments | 7,516.71 | 3,902.71 | 3,614.00 |
| Other Financial Assets | 262.79 | 172.85 | 89.94 |
| Total Financial Assets | 65,942.19 | 24,548.89 | 41,393.30 |
| Non- Financial Assets | | | |
| Current tax assets (Net) | 246.92 | - | 246.92 |
| Deferred tax assets (Net) | 608.07 | - | 608.07 |
| Goodwill on Consolidation | 42.72 | - | 42.72 |
| Investment Property | 28.96 | - | 28.96 |
| Intangible assets under development | 13.97 | - | 13.97 |
| Property, Plant and Equipment | 197.32 | - | 197.32 |
| Other Intangible assets | 36.94 | - | 36.94 |
| Re-insurance Assets | 421.23 | 162.45 | 258.78 |
| Other Non-Financial Assets | 398.89 | 225.81 | 173.08 |
| Total Non- Financial Assets | 1,995.02 | 388.26 | 1,606.76 |
| Financial Liabilities | | | |
| Derivative financial instruments | 8.41 | - | 8.41 |
| Payables | | | |
| i) Trade Payables | 231.63 | 231.63 | - |
| ii) Other Payables | 223.15 | 223.15 | - |
| iii) Other Insurers | 401.63 | 401.63 | - |
| Debt Securities | 13,961.82 | 9,559.94 | 4,401.88 |
| Borrowings(Other than Debt Securities) | 32,126.78 | 8,650.72 | 23,476.06 |
| Subordinated Liabilities | 4,358.68 | 471.64 | 3,887.04 |
| Insurance Contract Liabilities | 5,212.09 | 375.55 | 4,836.54 |
| Other Financial Liabilities | 371.87 | 369.15 | 2.72 |
| Total Financial Liabilities | 56,896.06 | 20,283.41 | 36,612.65 |
| Non-Financial Liabilities | | | |
| Provisions | 87.13 | 87.13 | - |
| Insurance Contract Liabilities | 3,032.07 | 1,169.41 | 1,862.66 |
| Other Non-Financial Liabilities | 57.49 | 36.64 | 20.85 |
| Total Non-Financial Liabilities | 3,176.69 | 1,293.18 | 1,883.51 |



Notes to Consolidated Ind AS Financial Statements

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

Note 46 - Non-Controlling Interest

Financial information of Subsidiaries having Non-Controlling Interest is given below.

As at March 31, 2020

| Name of the Subsidiary | Country of Incorporation | As on March 31, 2020 | Profit allocated to non controlling interest | Other comprehensive income allocated to non controlling interest | Total comprehensive income allocated to non controlling interest |
|--|--------------------------|----------------------|--|--|--|
| Cholamandalam Investment and Finance Company Limited (CIFCL) | India | 54.50% | 564.21 | (37.86) | 526.35 |
| Cholamandalam MS General Insurance Company Limited (MSGICL) | India | 40.00% | 49.99 | (0.11) | 49.88 |

As at March 31, 2019

| Name of the Subsidiary | Country of Incorporation | As on March 31, 2020 | Profit allocated to non controlling interest | Other comprehensive income allocated to non controlling interest | Total comprehensive income allocated to non controlling interest |
|--|--------------------------|----------------------|--|--|--|
| Cholamandalam Investment and Finance Company Limited (CIFCL) | India | 53.61% | 638.85 | (1.13) | 637.72 |
| Cholamandalam MS General Insurance Company Limited (MSGICL) | India | 40.00% | 79.28 | (0.25) | 79.03 |

The summarised financial information of the Subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

As at March 31, 2020

Summarised Statement of Profit and Loss

| Particulars | CIFCL | MSGICL |
|--|----------|----------|
| Income | 8,712.51 | 4,484.71 |
| Expenses | 7,124.29 | 4,268.27 |
| Profit Before Tax | 1,588.22 | 216.44 |
| Tax Expense | 534.08 | 91.46 |
| Share of Loss from associate | (0.42) | - |
| Profit for the year | 1,053.72 | 124.98 |
| - attributable to the owners of the company | 475.86 | 74.99 |
| - attributable to the non-controlling interest | 564.21 | 49.99 |
| Other Comprehensive Income | | |
| - attributable to the owners of the company | (32.48) | (0.16) |
| - attributable to the non-controlling interest | (37.86) | (0.11) |
| Total Comprehensive Income | | |
| - attributable to the owners of the company | 443.38 | 74.83 |
| - attributable to the non-controlling interest | 526.35 | 49.88 |

Notes to Consolidated Ind AS Financial Statements

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

Summarised Balance Sheet

| Particulars | CIFCL | CMSGICL |
|--|-----------|-----------|
| Financial Assets | 63,048.05 | 10,345.75 |
| Non Financial Assets | 1,000.98 | 1,542.85 |
| Financial Liabilities | 55,720.24 | 6,645.50 |
| Non Financial Liabilities | 128.93 | 3,637.69 |
| Total Equity | | |
| - attributable to the owners of the company | 3,730.71 | 963.25 |
| - attributable to the non-controlling interest | 4,469.15 | 642.16 |

Summarised Cash Flow Statement

| Particulars | CIFCL | CMSGICL |
|--|------------|---------|
| Net cash inflow in operating activities | (2,058.34) | 187.55 |
| Net cash outflow from investing activities | (70.48) | (26.56) |
| Net cash inflow in financing activities | 2,451.81 | (76.43) |
| Net Increase / (Decrease) in Cash and Cash equivalents | 322.99 | 84.56 |

As at March 31, 2019

Summarised Statement of Profit and Loss

| Particulars | CIFCL | CMSGICL |
|--|----------|----------|
| Income | 7,108.83 | 3,618.67 |
| Expenses | 5,277.30 | 3,338.37 |
| Profit Before Tax | 1,831.53 | 280.30 |
| Tax Expense | 634.59 | 82.10 |
| Share of Loss from associate | (0.35) | - |
| Profit for the year | 1,196.59 | 198.20 |
| - attributable to the owners of the company | 557.74 | 118.92 |
| - attributable to the non-controlling interest | 638.85 | 79.28 |
| Other Comprehensive Income | | |
| - attributable to the owners of the company | (0.98) | (0.37) |
| - attributable to the non-controlling interest | (1.13) | (0.25) |
| Total Comprehensive Income | | |
| - attributable to the owners of the company | 556.76 | 118.55 |
| - attributable to the non-controlling interest | 637.72 | 79.03 |

Summarised Balance Sheet

| Particulars | CIFCL | CMSGICL |
|--|-----------|----------|
| Financial Assets | 56,668.74 | 9,360.87 |
| Non Financial Assets | 821.38 | 1,130.58 |
| Financial Liabilities | 51,152.30 | 5,963.84 |
| Non Financial Liabilities | 129.11 | 3,046.90 |
| Total Equity | | |
| - attributable to the owners of the company | 2,880.13 | 888.43 |
| - attributable to the non-controlling interest | 3,328.58 | 592.28 |



Notes to Consolidated Ind AS Financial Statements

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

Summarised Cash Flow Statement

| Particulars | CIFCL | CMSGICL |
|--|------------|----------|
| Net cash inflow in operating activities | (9,254.26) | 701.39 |
| Net cash outflow from investing activities | (73.94) | (675.08) |
| Net cash inflow in financing activities | 12,190.59 | (30.56) |
| Net Increase / (Decrease) in Cash and Cash equivalents | 2,862.39 | (4.25) |

Note 47A - Investment in an associate

As at April 01, 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 2018-19, pursuant to investment by another entity in WDSI, the Group’s interest in WDSI has reduced from 63% to 30.87%, 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 aggregating to 30.87% interest has been fair valued and a resultant fair value gain of ₹20.29 crores have been recognised in the consolidated statement of profit and loss for the previous year.

| Particulars | ₹ in crs |
|--|--------------|
| Fair value of Net assets on the date of Investment by other entity | 82.74 |
| Group's share on the date of loss of control | 30.87% |
| Fair value of Net assets attributable to Group | 25.54 |
| Add: Net liabilities on the date of loss of control | 2.78 |
| Less: Non-Controlling Interest | (1.03) |
| Less: Goodwill recognised earlier on acquisition of WDSI | (7.00) |
| Fair value gain on loss of control in subsidiary | 20.29 |

The Group has 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.

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Value of Investment in Subsidiary on the date of loss of control | 25.54 | 25.54 |
| Less: Cumulative Share of Loss of from Associate | (0.77) | (0.35) |
| Amount recognised in the Balance Sheet | 24.77 | 25.19 |

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 | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Current assets | 43.66 | 43.33 |
| Non-current assets | 6.58 | 5.40 |
| Current liabilities | (12.25) | (10.67) |
| Non-current liabilities | (0.28) | (0.28) |
| Equity | 37.71 | 37.78 |
| Proportion of the Group’s ownership | 30.87% | 30.87% |
| Group's share in the Equity of the associate | 11.64 | 11.66 |

Notes to Consolidated Ind AS Financial Statements

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

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Revenue from contracts with customers | 47.33 | 71.80 |
| Other Income | 0.19 | 0.93 |
| Depreciation & amortization | (0.98) | (0.87) |
| Finance cost | (0.29) | (1.40) |
| Employee benefit expense | (2.25) | (3.50) |
| Other expense | (45.53) | (72.04) |
| Profit before tax | (1.53) | (5.08) |
| Income tax expense | 0.18 | 0.03 |
| Profit for the year (continuing operations) | (1.35) | (5.05) |
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax | - | (0.03) |
| Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax | (0.18) | - |
| Total comprehensive income for the year (continuing operations) | (1.53) | (5.08) |
| Total comprehensive income from the date on which status changed from subsidiary to associate till March 31, 2019 | - | (1.13) |
| Group's share of loss considered in the consolidated statement of Profit and loss | (0.42) | (0.35) |

The associate had no contingent liabilities or capital commitments as at March 31, 2020 or March 31, 2019.

Note 47B - Investment in Joint Venture

As at March 31, 2020, the Group has 49.50% interest in Cholamandalam MS Risk Services Limited ("CMSRSL") and this entity has been treated as Joint Venture in the consolidated financial statements.

The following table illustrates the summarised financial information of the Group's investment in CMSRSL:

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Current assets | 26.73 | 23.89 |
| Non-current assets | 18.94 | 14.37 |
| Current liabilities | (10.46) | (8.92) |
| Non-current liabilities | (10.85) | (8.39) |
| Equity | 24.36 | 20.95 |
| Proportion of the Group's ownership | 49.50% | 49.50% |
| Group's share in the Equity of the Joint Venture | 12.06 | 10.37 |
| Particulars | March 31, 2020 | March 31, 2019 |
| Revenue from Operations | 46.29 | 40.82 |
| Other Income | 2.61 | 2.58 |
| Employee benefit | (23.41) | (19.23) |
| Other expense | (19.87) | (19.29) |
| Profit before tax | 5.62 | 4.88 |
| Income tax expense | (1.53) | (1.35) |
| Profit for the year (continuing operations) | 4.09 | 3.53 |



Notes to Consolidated Ind AS Financial Statements

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

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax | - | - |
| Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax | (0.09) | 0.03 |
| Total comprehensive income for the year (continuing operations) | 4.00 | 3.56 |
| Group's share of profit | 1.98 | 1.76 |
| Less: Dividend | (0.29) | (0.29) |
| Group's share of profit (considered in the consolidated statement of Profit and loss) | 1.69 | 1.47 |

The Group has the following share of contingent liabilities and capital commitments in the Joint venture as at March 31, 2020.

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Contested Liabilities Not provided for in respect of Income Tax matters pending before Appellate Authorities | 2.00 | 3.96 |
| Capital commitments | 0.14 | - |

Note 48 - Capital Management

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

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

The Group has complied in full with the capital and solvency requirements prescribed by RBI and IRDAI respectively over the reported period.

48.1 Risk Management

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

Risk Management Framework: The Group's risk management framework is based on (a) clear understanding and identification of various risks (b) disciplined risk assessment by evaluating the probability and impact of each risk (c) Measurement and monitoring of risks by establishing Key Risk Indicators with thresholds for all critical risks and (d) adequate review mechanism to monitor and control risks.

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

Risk Governance structure: The Group's risk governance structure operates with a risk management committee with clearly laid down charter and senior management direction and oversight. The board oversees the risk management process and monitors the risk profile of the Group directly as well as through a board constituted risk management committee. The committee, reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, and review of various other initiatives with a structured annual plan. The key risks faced by the Group are credit risk, liquidity risk, interest rate risk, operational risk, foreign currency risk, insurance risk,

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reputational and regulatory risk, which are broadly classified as credit risk, market risk, operational risk, liquidity risk, foreign currency risk and insurance risk.

48.2 Credit Risk

Lending

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

The Group has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The Group has a robust post sanction monitoring process to identify credit portfolio trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises. Also, being in asset financing business, most of the Group's lending is covered by adequate collaterals from the borrowers. The Group developed application scoring model to assess the credit worthiness of the borrower for underwriting decisions for its vehicle finance, 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.

Insurance - Investments

Insurance Business is subject to credit risk in connection with issuers of securities held in its investment portfolio and reinsurers. Losses may occur when a counterparty fails to make timely payments pursuant to the terms of the underlying contractual arrangement or when the counterparty's credit rating or risk profile otherwise deteriorates. Credit risk can occur at multiple levels, as a result of broad economic conditions, challenges within specific sectors of the economy, or from issues affecting individual companies. Events that result in defaults, impairments or downgrades of the securities in our investment portfolio would cause the Company to record realized or unrealized losses and increase provisions for asset default, adversely impacting earnings

Governance structure, in the form of Investment Committee and well defined investment policies and processes are in place to ensure that the risks involved in investments are identified and acceptable levels are defined. All Regulatory and Internal norms are built in the Investment system which monitors the investment limits and exposure norms on a daily basis

The policyholders' funds are invested in accordance with regulatory norms. Investment policy and most of the investment is made in the government securities having sovereign rating and debt securities issued by reputed corporate having appropriate rating as per Investment Committee.

48.3 Market Risk

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices.

Lending

The Group's exposure to market risk is a function of asset liability management activities. The Group is exposed to interest rate risk and liquidity risk.

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

Insurance

The Group is exposed to financial and capital market risks – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes or volatility in market prices. Market risk includes equity market and interest rate risks.



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The Group has investment policy in place which deals with guidelines set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

Equity Price Risk

Equity market risk is the potential for financial loss arising from declines or volatility in equity market. The Company's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices. The Group has no significant concentration of equity price risk.

48.4 Concentration of Risk/Exposure

Concentration of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in same geographical area or industry sector so that collective ability to meet contractual obligations js uniformly affected by changes in economic, political or other conditions.

Lending

The Group has 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 73% of the loan book of the Group as of March 31, 2020 (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 5% and 22% 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 22% of the lending book of the Group as of March 31, 2020 (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 products as of March 31, 2020.

Insurance - Investments

It is the Group's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Company's rating policy. The attributable risk ratings are assessed and updated regularly.

During the year, no credit exposure limits were exceeded. The Group actively manages its product mix to ensure that there is no significant concentration of credit risk.

48.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks,

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but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks.

The operational risks of the Group are managed through comprehensive internal control systems and procedures and key back up processes. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process. In order to further strengthen the control framework and effectiveness, the Group has established risk control self-assessment at branches to identify process lapses by way of exception reporting. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis.

The Group also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

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

48.6 Liquidity Risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Lending

Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of availing funding in line with the tenor and repayment pattern of its receivables and monitors future cash flows and liquidity on a daily basis. The Group has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required. The Group also has lines of credit that it can access to meet liquidity needs.

Insurance

The Group's primary funding obligations for insurance business arise in connection with the payment of policyholders' dues and sources of available cash flow include premium receipts and investment related inflows (such as maturities, principal repayments, investment income and proceeds of asset sales)

An asset-liability mismatch occurs when the financial terms of insurance business assets and liabilities do not correspond. These can lead to non-payment / deferment of claims, expenses etc. Through effective cash management and capital planning, the Group ensures that, it is properly funded and maintains adequate liquidity to meet obligations. Based on the Group's historical cash flows and liquidity management processes, the cash flows from operating activities will continue to provide sufficient liquidity to satisfy debt service obligations and to pay other expenses as they fall due. A well defined Asset Liability Management framework enables periodic monitoring of the Asset-Liability position of the Company.

48.7 Foreign Currency Risk

Foreign Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Group arise majorly on account of foreign currency borrowings. The Group manages this foreign currency risk by entering in to cross currency swaps and forward contract. When a



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derivative is entered in to for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Group's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

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

48.8 Insurance Risk

The principal risk, the Group faces under insurance contracts, is that the actual claims and benefit payments or the timing thereof differ from expectations. This is influenced by frequency of claims and severity of claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of frequency and severance considered based on past trends. The general insurance claim liabilities are sensitive to the key assumptions. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities. It is not possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

For sensitivity analysis and claims development table, refer note below. The method used for deriving sensitivity information and significant assumptions did not change during the presented periods.

Sensitivity Analysis of claims outstanding Liabilities*

As at March 31, 2020

| Scenario | Increase/ (Decrease) in Net Liabilities | Increase/ (Decrease) in Gross Liabilities | Increase/ (Decrease) in Profit before taxes | Increase/ (Decrease) in Equity |
|---|---|--|--|--------------------------------------|
| Increase in Insurance Claims Liability Estimate by 2.5% | 86.36 | 92.54 | (86.36) | (64.63) |
| Increase in Insurance Claims Liability Estimate by 5% | 172.73 | 185.08 | (172.73) | (129.26) |
| Decrease in Insurance Claims Liability Estimate by 2.5% | (86.36) | (92.54) | 86.36 | 64.63 |
| Decrease in Insurance Claims Liability Estimate by 5% | (172.73) | (185.08) | 172.73 | 129.26 |

As at March 31, 2019

| Scenario | Increase/ (Decrease) in Net Liabilities | Increase/ (Decrease) in Gross Liabilities | Increase/ (Decrease) in Profit before taxes | Increase/ (Decrease) in Equity |
|---|---|--|--|--------------------------------------|
| Increase in Insurance Claims Liability Estimate by 2.5% | 63.84 | 74.26 | (63.84) | (41.53) |
| Increase in Insurance Claims Liability Estimate by 5% | 127.68 | 148.52 | (127.68) | (83.06) |
| Decrease in Insurance Claims Liability Estimate by 2.5% | (63.84) | (74.26) | 63.84 | 41.53 |
| Decrease in Insurance Claims Liability Estimate by 5% | (127.68) | (148.52) | 127.68 | 83.06 |

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Insurance Liability (Claims) Development pattern*

As at March 31, 2020

| Ultimate Net Loss Cost - Re-estimated | YE 31- Mar-13 | YE 31- Mar-14 | YE 31- Mar-15 | YE 31- Mar-16 | YE 31- Mar-17 | YE 31- Mar-18 | YE 31- Mar-19 | YE 31- Mar-20 |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| End of Accident Year | 634.27 | 931.59 | 1,016.41 | 1,190.33 | 1,552.59 | 1,906.10 | 2,104.34 | 2,451.93 |
| One Year Later | 674.81 | 941.44 | 978.76 | 1,193.30 | 1,529.45 | 1,890.66 | 2,117.02 | - |
| Two Year Later | 689.02 | 1,001.35 | 993.57 | 1,215.88 | 1,598.50 | 1,891.36 | - | - |
| Three Year Later | 695.58 | 988.15 | 1,023.83 | 1,250.45 | 1,630.91 | - | - | - |
| Four Year Later | 697.34 | 1,026.21 | 1,080.25 | 1,279.59 | - | - | - | - |
| Five Year Later | 712.52 | 1,076.15 | 1,096.81 | - | - | - | - | - |
| Six Year Later | 735.96 | 1,089.41 | - | - | - | - | - | - |
| Seven Year Later | 740.15 | - | - | - | - | - | - | - |

As at March 31, 2019

| Ultimate Net Loss Cost - Re-estimated | YE 31- Mar-12 | YE 31- Mar-13 | YE 31- Mar-14 | YE 31- Mar-15 | YE 31- Mar-16 | YE 31- Mar-17 | YE 31- Mar-18 | YE 31- Mar-19 |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| End of Accident Year | 419.33 | 634.27 | 931.59 | 1,016.41 | 1,190.33 | 1,552.59 | 1,906.10 | 2,104.34 |
| One Year Later | 423.47 | 674.81 | 941.44 | 978.76 | 1,193.30 | 1,529.45 | 1,890.66 | - |
| Two Year Later | 442.75 | 689.02 | 1,001.35 | 993.57 | 1,215.88 | 1,598.50 | - | - |
| Three Year Later | 445.61 | 695.58 | 988.15 | 1,023.83 | 1,250.45 | - | - | - |
| Four Year Later | 448.92 | 697.34 | 1,026.21 | 1,080.25 | - | - | - | - |
| Five Year Later | 461.01 | 712.52 | 1,076.15 | - | - | - | - | - |
| Six Year Later | 463.35 | 735.96 | - | - | - | - | - | - |
| Seven Year Later | 459.86 | - | - | - | - | - | - | - |

* The sensitivity analysis of claims outstanding liability and insurance liability (claim) development table are presented net off re-insurance.

48.9 Disclosure of Effects of Hedge Accounting Cash flow Hedge as at March 31, 2020

| Foreign Exchange Risk on Cash Flow Hedge | Nominal Value of Hedging Instruments (No. of Contracts) | | Carrying Value of Hedging Instruments (₹ in Crores) | | Maturity Date | Changes in Fair value of Hedging Instrument | 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 | 9 | 0 | 2,229.53 | - | September 25, 2020 to June 03, 2024 | 114.20 | (210.38) | Borrowings |

| Cash flow Hedge | Change in the value of Hedging Instrument recognised in Other Comprehensive Income | Hedge Effectiveness recognised in profit and loss | Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss | Line item affected in Statement of Profit and Loss because of the Reclassification |
|--|--|---|--|--|
| Foreign exchange risk and Interest rate risk | (92.32) | - | - | NA |



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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 Crores) | | 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 | 1,826.31 | 354.91 | November 07, 2019 to March 18, 2022 | 80.28 | (84.15) | Borrowings |

| Cash flow Hedge | Change in the value of Hedging Instrument recognised in Other Comprehensive Income | Hedge Effectiveness recognised in profit and loss | Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss | Line item affected in Statement of Profit and Loss because of the Reclassification |
|--|--|---|--|--|
| Foreign exchange risk and Interest rate risk | 13.06 | - | - | NA |

48.10 Collateral and Other Credit Enhancements

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

The Group obtains first and exclusive charge on all collateral that it obtains for the loans given. Vehicle Finance and 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 valuer.

Hypothecation endorsement is obtained in favour of the Group in the Registration Certificate of the Vehicle/ Tractor / Equipment funded under the vehicle finance category. Immovable Property is the collateral for 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.

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Note 49 A - Analysis of Financial Assets and Financial Liabilities by remaining contractual maturities

As at March 31, 2020

| Particulars | Upto 1 month | 1 to 3 months | 3 to 6 months | 6 to 12 months | 1 to 3 years | 3 to 5 years | More than 5 years | Total |
|--|-----------------|-----------------|-----------------|------------------|------------------|------------------|-------------------|-------------------|
| Financial Assets | | | | | | | | |
| Cash and Cash Equivalents | 3,085.69 | 586.03 | - | - | - | - | - | 3,671.72 |
| Bank balances other than Cash and Cash Equivalents | 33.97 | 131.25 | 3,051.16 | 78.59 | 223.84 | 115.02 | 162.64 | 3,796.47 |
| Derivative financial instruments | - | - | 17.11 | - | 78.16 | 18.93 | - | 114.20 |
| Receivables | | | | | | | | |
| i) Trade Receivables | 15.03 | - | - | - | - | - | - | 15.03 |
| ii) Other Receivables | 48.18 | - | - | - | - | - | - | 48.18 |
| iii) Insurance contract assets | 42.50 | 16.60 | 20.83 | 53.62 | 7.63 | - | 146.61 | 287.79 |
| iv) Reinsurance assets | 8.51 | 12.11 | 10.32 | 10.24 | 120.08 | 135.58 | 361.96 | 658.80 |
| Loans | 1,910.07 | 1,158.74 | 2,963.55 | 11,970.25 | 34,840.77 | 13,326.17 | 15,835.34 | 82,004.89 |
| Investment in Associate & Joint Venture | - | - | - | - | - | - | 36.83 | 36.83 |
| Other Investments | 2,790.54 | 266.17 | 312.23 | 605.82 | 2,046.31 | 800.29 | 5,117.58 | 11,938.94 |
| Other Financial Assets | 110.92 | 5.85 | 42.44 | 75.39 | 192.13 | 100.98 | 116.89 | 644.60 |
| Total Undiscounted financial assets | 8,045.41 | 2,176.75 | 6,417.64 | 12,793.91 | 37,508.92 | 14,496.97 | 21,777.85 | 103,217.45 |
| Financial Liabilities | | | | | | | | |
| Derivative financial instruments | - | - | - | - | - | - | - | - |
| Payables | | | | | | | | |
| (I) Trade Payables | | | | | | | | |
| i) Total outstanding dues of micro and small enterprises | 1.01 | - | - | - | - | - | - | 1.01 |
| ii) Total outstanding dues of creditors other than micro and small enterprises | 274.10 | 27.96 | 16.78 | 11.19 | - | - | - | 330.03 |
| (II) Other Payables | | | | | | | | |
| i) Total outstanding dues of micro and small enterprises | - | - | - | - | - | - | - | - |



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| 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 |
|--|-----------------|-------------------|-----------------|------------------|------------------|-----------------|-------------------|------------------|
| ii) Total outstanding dues of creditors other than micro and small enterprises | 97.70 | - | - | 1.92 | - | - | - | 99.62 |
| (II) Other Insurers | | | | | | | | |
| i) Total outstanding dues of micro and small enterprises | - | - | - | - | - | - | - | - |
| ii) Total outstanding dues of creditors other than micro and small enterprises | 23.90 | 71.60 | 35.80 | 71.50 | 69.49 | - | - | 272.29 |
| Debt Securities | 282.02 | 1,901.42 | 93.48 | 2,034.24 | 3,030.05 | 374.88 | 29.26 | 7,745.35 |
| Borrowings (Other than Debt Securities) | 945.91 | 1,381.94 | 3,800.28 | 8,610.36 | 26,541.02 | 8,079.90 | 843.73 | 50,203.14 |
| Subordinated Liabilities | 113.70 | 96.22 | 146.36 | 447.61 | 1,977.26 | 1,238.18 | 2,707.74 | 6,727.07 |
| Insurance Contract Liabilities | 95.56 | 110.44 | 94.10 | 93.41 | 1,094.88 | 1,236.12 | 3,300.30 | 6,024.81 |
| Other Financial Liabilities | 281.04 | 58.42 | 18.03 | 35.97 | 119.90 | 31.84 | 5.15 | 550.35 |
| Total Undiscounted financial liabilities | 2,114.94 | 3,648.00 | 4,204.83 | 11,306.20 | 32,832.60 | 10960.92 | 6886.18 | 71,953.67 |
| Total net Undiscounted financial assets/ (liabilities) | 5,930.47 | (1,471.25) | 2,212.81 | 1,487.71 | 4,676.32 | 3536.05 | 14891.67 | 31,263.78 |

As at March 31, 2019

| 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 | 959.74 | 2,353.34 | - | - | - | - | - | 3,313.08 |
| Bank balances other than Cash and Cash Equivalents | 9.33 | 119.72 | 97.42 | 125.21 | 222.26 | 29.22 | 193.94 | 797.10 |
| Derivative financial instruments | - | - | - | 72.29 | 16.40 | - | - | 88.69 |
| Receivables | | | | | | | | |
| i) Trade Receivables | 41.28 | - | - | - | - | - | - | 41.28 |
| ii) Other Receivables | 39.08 | - | - | - | - | - | - | 39.08 |
| iii) Insurance Contact Assets | 56.70 | 72.00 | 42.70 | 78.42 | 61.70 | - | 132.64 | 444.16 |
| iv) Reinsurance assets | 17.46 | 23.02 | 22.65 | 1.86 | 180.24 | 198.04 | 514.41 | 957.68 |

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| 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 |
|--|-----------------|-----------------|-----------------|------------------|------------------|------------------|-------------------|------------------|
| Loans | 3,477.36 | 4,012.95 | 5,550.41 | 10,370.25 | 28,117.45 | 8,933.63 | 12,756.88 | 73,218.93 |
| Investment in Associate & Joint Venture | - | - | - | - | - | - | 35.56 | 35.56 |
| Other Investments | 3,652.58 | 222.56 | 262.37 | 406.20 | 2,433.94 | 888.09 | 1,521.52 | 9,387.26 |
| Other Financial Assets | 128.92 | 14.62 | 10.06 | 19.25 | 56.80 | 13.18 | 32.55 | 275.38 |
| Total Undiscounted financial assets | 8,382.45 | 6,818.21 | 5,985.61 | 11,073.48 | 31,088.79 | 10,062.16 | 15,187.50 | 88,598.20 |
| Financial Liabilities | | | | | | | | |
| Derivative financial instruments | - | - | - | - | 8.41 | - | - | 8.41 |
| 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 | 231.79 | - | - | - | - | - | - | 231.79 |
| (II) Other Payables | | | | | | | | |
| i) Total outstanding dues of micro and small enterprises | 0.18 | - | - | - | - | - | - | 0.18 |
| ii) Total outstanding dues of creditors other than micro and small enterprises | 176.30 | 23.46 | 14.08 | 9.39 | - | - | - | 223.23 |
| (III) Other Insurers | | | | | | | | |
| i) Total outstanding dues of micro and small enterprises | - | - | - | - | - | - | - | - |
| ii) Total outstanding dues of creditors other than micro and small enterprises | 39.30 | 177.00 | 176.90 | 3.20 | 5.23 | - | - | 401.63 |
| Debt Securities | 1,357.95 | 1,830.58 | 3,040.85 | 3,841.48 | 4,148.09 | 909.99 | 104.29 | 15,233.23 |
| Borrowings (Other than Debt Securities) | 1,751.49 | 1,048.14 | 2,303.79 | 5,707.39 | 20,587.47 | 3,875.98 | 1,328.33 | 36,602.59 |
| Subordinated Liabilities | 13.66 | 319.53 | 84.27 | 315.16 | 1,980.24 | 1,428.36 | 2,318.07 | 6,459.29 |
| Insurance Contract Liabilities | 113.58 | 125.54 | 123.93 | 12.50 | 976.54 | 1,072.93 | 2,787.07 | 5,212.09 |
| Other Financial Liabilities | 368.91 | - | - | - | 2.52 | 0.21 | - | 371.64 |



Notes to Consolidated Ind AS Financial Statements

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

| Particulars | Upto 1 month | 1 to 3 months | 3 to 6 months | 6 to 12 months | 1 to 3 years | 3 to 5 years | More than 5 years | Total |
|---|--------------|---------------|---------------|----------------|--------------|--------------|-------------------|-----------|
| Total Undiscounted financial liabilities | 4,053.16 | 3,524.25 | 5,743.82 | 9,889.12 | 27,708.50 | 7,287.47 | 6,537.76 | 64,744.08 |
| Total net Undiscounted financial assets/ (liabilities) | 4,329.29 | 3,293.96 | 241.79 | 1,184.36 | 3,380.29 | 2,774.69 | 8,649.74 | 23,854.12 |

Note 49B - Disclosures in connection with IND AS 116 - Leases

The Group has taken office premises on lease for its operations.

The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of machinery with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities included under financial liabilities and right to use asset included in Property, Plant and Equipment and the movements during the period:

Other Disclosures

(i) Movement in the carrying value of the Right to Use Asset for the year ended March 31, 2020

| Particulars | Amount | | |
|------------------------------------|---------------|------------------|--------------------|
| | Building | Office Equipment | Computer Equipment |
| Opening Balance | 143.56 | 9.67 | 6.50 |
| Depreciation charge for the Period | (51.20) | (3.98) | (2.84) |
| Additions during the Period | 62.15 | 4.85 | 3.61 |
| Adjustment/Deletion | (7.87) | - | - |
| Closing Balance | 146.64 | 10.54 | 7.27 |

(ii) Classification of current and non current liabilities of the lease liabilities as at March 31, 2020

| Particulars | Amount |
|--------------------------------|---------------|
| Current liabilities | 70.26 |
| Non Current Liabilities | 111.12 |
| Total Lease liabilities | 181.38 |

(iii) Movement in the carrying value of the Lease Liability for the year ended March 31, 2020

| Particulars | Amount |
|-------------------------------------|---------------|
| Opening Balance | 168.77 |
| Interest Expense | 16.41 |
| Lease Payments [Total Cash Outflow] | (65.97) |
| Additions during the year | 70.04 |
| Adjustment/Deletion | (7.87) |
| Closing Balance | 181.38 |

Notes to Consolidated Ind AS Financial Statements

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

(iv) Contractual Maturities of Lease liability outstanding as at March 31, 2020

| Particulars | Amount |
|----------------------|---------------|
| Less than one year | 72.78 |
| One to five Years | 133.10 |
| More than Five years | 6.18 |
| Total | 212.06 |

(v) The following are the amount recognised in the Profit or Loss statement

| Particulars | Amount |
|---|--------------|
| Depreciation expense of right-of-use assets | 58.02 |
| Interest expense on lease liabilities | 16.41 |
| Expense relating to short-term leases (included in other expenses) | 0.08 |
| Expense relating to leases of low-value assets (included in other expenses) | - |
| Variable lease payments (included in other expenses) | - |
| Total amount recognised in profit or loss | 74.51 |

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.

The Group has several lease contracts that includes extension and termination contracts. These options are negotiated by the Management to provide flexibility in managing the leased-asset portfolio and align with Group's business needs. Management exercises significant judgement in determining whether these extension and termination are reasonably certain to be exercised. Also refer note 4.2 & 5A (vii)



Notes to Consolidated Ind AS Financial Statements

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

Note 50

Note 50.1 - Fair value of financial instruments

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

| Particulars | March 31, 2020 | | March 31, 2019 | |
|--|------------------|------------------|------------------|------------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial Assets | | | | |
| Cash and Cash Equivalents | 3,695.69 | 3,695.69 | 3,279.16 | 3,279.16 |
| Bank balances Other than Cash and Cash Equivalents | 3,618.49 | 3,618.49 | 666.31 | 666.31 |
| Derivative financial instruments | 114.20 | 114.20 | 88.69 | 88.69 |
| Receivables | | | | |
| i) Trade Receivables | 15.03 | 15.03 | 41.28 | 41.28 |
| ii) Other Receivables | 48.18 | 48.18 | 39.08 | 39.08 |
| iii) Insurance Contract Assets | 287.79 | 287.79 | 444.16 | 444.16 |
| iv) Reinsurance Assets | 658.80 | 658.80 | 957.68 | 957.68 |
| Loans | 55,395.73 | 54,696.35 | 52,610.77 | 52,809.75 |
| Investment in Associate & Joint Venture | 36.83 | 36.83 | 35.56 | 35.56 |
| Other Investments | 8,855.85 | 8,485.87 | 7,516.71 | 7,146.22 |
| Other Financial Assets | 530.30 | 530.30 | 262.79 | 262.79 |
| Total Financial Assets | 73,256.89 | 72,187.53 | 65,942.19 | 65,770.68 |
| Financial Liabilities | | | | |
| Derivative financial instruments | - | - | 8.41 | 8.41 |
| Payables | | | | |
| i) Trade Payables | 331.04 | 331.04 | 231.63 | 231.63 |
| ii) Other Payables | 99.62 | 99.62 | 223.15 | 223.15 |
| iii) Other Insurers | 272.29 | 272.29 | 401.63 | 401.63 |
| Debt Securities | 7,135.18 | 7,134.93 | 13,961.82 | 13,917.49 |
| Borrowings(Other than Debt Securities) | 43,473.71 | 43,434.20 | 32,126.78 | 32,105.12 |
| Subordinated Liabilities | 4,508.58 | 4,508.16 | 4,358.68 | 4,380.15 |
| Insurance Contract Liabilities | 6,024.81 | 6,024.81 | 5,212.09 | 5,212.09 |
| Other Financial Liabilities | 529.62 | 529.62 | 371.87 | 371.87 |
| Total Financial Liabilities | 62,374.85 | 62,334.67 | 56,896.06 | 56,851.54 |

The Management assessed that cash and cash equivalents, bank balance other than Cash and cash equivalents, receivable, other financial assets, payables and other financial liabilities approximates their carrying amount largely due to short term maturities of these instruments.

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

Notes to Consolidated Ind AS Financial Statements

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

- i) Derivatives are fair valued using market observable rates and published prices
- ii) The fair value of loans have been 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 been estimated by discounting expected future cash flows using discounted rate near to report date based on comparable rate / market observable data.
- iv) The fair values of quoted equity investments are derived from quoted market prices in active markets.

Note 50.2 - Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

Quantitative disclosure fair value measurement hierarchy of assets as at March 31, 2020

| Particulars | Fair value measurement using | | | |
|---|------------------------------|--|---|---|
| | Total | 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 | 14.64 | 8.86 | 4.30 | 1.48 |
| FVTPL Equity Instruments | 78.16 | 78.16 | - | - |
| FVTPL Debt Instruments | 2,506.59 | - | 2,506.59 | - |
| FVTPL Mutual Funds | 86.00 | 86.00 | - | - |
| Derivative financial instruments | 114.20 | - | 114.20 | - |
| Assets for which fair values are disclosed | | | | |
| Investments-At Amortised Cost | 5,818.34 | - | 5,818.34 | - |
| Investment Properties * | 27.89 | - | - | 27.89 |
| Loans | 54,696.35 | - | 54,696.35 | - |

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

* Fair value of investment property is calculated based on valuation given by external independent valuer.

Quantitative disclosure fair value measurement hierarchy of liabilities as at March 31, 2020

| Particulars | Fair value measurement using | | | |
|--|------------------------------|--|---|---|
| | Total | Quoted price in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Liabilities measured at Fair value | | | | |
| Derivative financial instruments | - | - | - | - |
| Liabilities for which fair values are disclosed | | | | |
| Debt Securities | 7,134.93 | - | 7,134.93 | - |
| Borrowings (Other than Debt Securities) | 43,434.20 | - | 43,434.20 | - |
| Subordinated Liabilities | 4,508.16 | - | 4,508.16 | - |

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



Notes to Consolidated Ind AS Financial Statements

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

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

| Particulars | Fair value measurement using | | | |
|---|------------------------------|--|---|---|
| | Total | 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 | 19.16 | 12.66 | 5.16 | 1.34 |
| FVTPL Equity Instruments | 149.46 | 149.46 | - | - |
| FVTPL Debt Instruments | 3,400.96 | 3,400.96 | - | - |
| FVTPL Mutual Funds | 72.92 | 72.92 | - | - |
| Derivative financial instruments | 88.69 | - | 88.69 | - |
| Assets for which fair values are disclosed | | | | |
| Investments-At Amortised cost | 3,518.72 | - | 3,518.72 | - |
| Investment Properties * | 29.55 | - | - | 29.55 |
| Loans | 52,809.75 | - | 52,809.75 | - |

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

| Particulars | Fair value measurement using | | | |
|--|------------------------------|--|---|---|
| | Total | 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 | 8.41 | - | 8.41 | - |
| Liabilities for which fair values are disclosed | | | | |
| Debt Securities | 13,917.49 | - | 13,917.49 | - |
| Borrowings (Other than Debt Securities) | 32,105.12 | - | 32,105.12 | - |
| Subordinated Liabilities | 4,380.15 | - | 4,380.15 | - |

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

Note 50.3 Summary of Financial assets and liabilities which are recognised at amortised cost

| Particulars | As at | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Financial Assets | | |
| Cash and Cash Equivalents | 3,695.69 | 3,279.16 |
| Bank balances other than Cash and Cash Equivalents | 3,618.49 | 666.31 |
| Loans | 55,395.73 | 52,610.77 |
| Investments | 6,175.01 | 3,874.21 |
| Other Financial Assets | 530.30 | 262.79 |
| Financial Liabilities | | |
| Debt Securities | 7,135.18 | 13,961.82 |
| Borrowings(Other than Debt Securities) | 43,473.71 | 32,126.78 |
| Subordinated Liabilities | 4,508.58 | 4,358.68 |
| Other Financial liabilities | 529.62 | 371.87 |

Notes to Consolidated Ind AS Financial Statements

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

Note 50.4 - Refer Note 15 for sensitivity analysis for investment property, whose fair value is disclosed under the level 3 category.

Note 51 - Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

As at March 31, 2020

| Name of the entity | Net Assets (i.e. total assets less total liabilities) | | Share in profit or loss | | Other Comprehensive Income | | Total Comprehensive Income | |
|--|---|-----------------|-------------------------------------|-----------------|-------------------------------------|----------------|-------------------------------------|-----------------|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss | Amount |
| I. Parent | | | | | | | | |
| Cholamandalam Financial Holdings Limited | (1.00%) | (115.18) | (2.00%) | (12.96) | 0.86% | (0.61) | (1.24%) | (13.57) |
| II. Subsidiaries | | | | | | | | |
| Cholamandalam Investment and Finance Company Limited | 40.00% | 3,894.54 | 41.00% | 474.75 | 45.16% | (31.88) | 40.47% | 442.87 |
| Cholamandalam MS General Insurance Company Limited | 8.00% | 774.38 | 8.00% | 87.80 | 0.21% | (0.15) | 8.01% | 87.65 |
| Cholamandalam Health Insurance Company Limited | 0.00% | 0.01 | 0.00% | (0.01) | 0.00% | - | 0.00% | (0.01) |
| Non-Controlling Interests in all subsidiaries | 53.00% | 5,111.31 | 53.00% | 614.20 | 53.77% | (37.97) | 52.65% | 576.23 |
| III. Associate & Joint Venture | | | | | | | | |
| White Data Systems India Private Limited | 0.00% | 24.77 | 0.00% | (0.42) | 0.00% | - | (0.04%) | (0.42) |
| Cholamandalam MS Risk Services Limited | 0.00% | 12.06 | 0.00% | 1.69 | 0.00% | - | 0.15% | 1.69 |
| Total Share of Holding and Non-Controlling Interest | 100.00% | 9,701.89 | 100.00% | 1,165.05 | 100.00% | (70.61) | 100.00% | 1,094.44 |

As at March 31, 2019

| Name of the entity | Net Assets (i.e. total assets less total liabilities) | | Share in profit or loss | | Other Comprehensive Income | | Total Comprehensive Income | |
|--|---|-----------------|-------------------------------------|-----------------|-------------------------------------|---------------|-------------------------------------|-----------------|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss | Amount |
| I. Parent | | | | | | | | |
| Cholamandalam Financial Holdings Limited | 1.98% | 155.31 | 0.10% | 1.60 | 19.94% | (0.68) | 0.07% | 0.92 |
| II. Subsidiaries | | | | | | | | |
| Cholamandalam Investment and Finance Company Limited | 39.13% | 3,077.62 | 38.16% | 539.86 | 10.56% | (0.36) | 38.22% | 539.50 |
| Cholamandalam MS General Insurance Company Limited | 8.58% | 675.09 | 10.90% | 154.15 | 29.03% | (0.99) | 10.85% | 153.16 |
| Cholamandalam Health Insurance Company Limited | 0.00% | 0.02 | 0.00% | (0.02) | 0.00% | - | 0.00% | (0.02) |
| Non-Controlling Interests in all subsidiaries | 49.86% | 3,920.86 | 50.76% | 718.13 | 40.47% | (1.38) | 50.78% | 716.75 |
| III. Associate & Joint Venture | | | | | | | | |
| White Data Systems India Private Limited | 0.32% | 25.19 | (0.02%) | (0.35) | 0.00% | - | (0.02%) | (0.35) |
| Cholamandalam MS Risk Services Limited | 0.13% | 10.37 | 0.10% | 1.46 | 0.00% | - | 0.10% | 1.46 |
| Total Share of Holding and Non-Controlling Interest | 100.00% | 7,864.46 | 100.00% | 1,414.83 | 100.00% | (3.41) | 100.00% | 1,411.42 |



Notes to Consolidated Ind AS Financial Statements

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

Note 52 - Goodwill

The Goodwill of ₹39.08 crores recognised with respect to CIFCL represents the significant portion of the total Goodwill carried by the Group. The quoted market value of shares of CIFCL as on March 31, 2020 is significantly higher than the acquisition price. Accordingly, based on the assessment of goodwill done by the group, it believes that the carrying amount of goodwill is recoverable and no impairment has been considered.

The Goodwill of ₹3.64 crores recognised on the acquisition of other subsidiary – CMSGICL is not significant and the Group believes that the carrying amount of the Goodwill is recoverable.

Note 53 - Events after reporting date

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

Note 54 - Prior period information

Previous year figures have been regrouped / re-classified wherever necessary to conform to this year's classification.

As per our report of even date

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

Chartered Accountants

ICAI Firm Regn No.101049W/E300004

For and on behalf of the Board of Directors

per **Subramanian Suresh**

Partner

Membership No: 083673

Sridharan Rangarajan

Director

M M Murugappan

Chairman

Place : Chennai

Date : June 15, 2020

E Krithika

Company Secretary

N Ganesh

Manager & Chief Financial Officer



CAUTIONARY STATEMENT:

Certain expectations and projections regarding the future performance of the Company referenced in the Annual Report constitute forward-looking statements. These expectations and projections are based on currently available competitive, financial and economic data, along with the Company's operating plans and are subject to certain future events and uncertainties, which could cause actual results to differ materially from those indicated by such statements.



Cholamandalam Financial Holdings Limited

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