



CREATING
VALUE TOGETHER



About Murugappa Group

Founded in 1900, the INR 417 Billion (₹41,713 Crores) Murugappa Group is one of India's leading business conglomerates. The Group has 29 businesses including ten listed Companies traded in NSE & BSE. Headquartered in Chennai, the major Companies of the Group include Carborundum Universal Ltd., CG Power and Industrial Solutions Ltd., Cholamandalam Financial Holdings Ltd., Cholamandalam Investment and Finance Company Ltd., Cholamandalam MS General Insurance Company Ltd., Coromandel International Ltd., Coromandel Engineering Company Ltd., E.I.D. Parry (India) Ltd., Parry Agro Industries Ltd., Shanthi Gears Ltd., Tube Investments of India Ltd. and Wendt (India) Ltd.

The Group holds leadership position in several product lines including Abrasives, Technical Ceramics, Electro Minerals, Auto Components & Systems, Bicycles, Fertilisers, Sugar, Tea and Spirulina (Nutraceuticals). The Group has forged strong alliances with leading international companies such as Groupe Chimique Tunisien, Foskor, Mitsui Sumitomo, Morgan Advanced Materials, 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 53,000 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
PASION
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.

CREATING VALUE TOGETHER

‘Creating Value’ is the purpose of any business. At Cholamandalam Financial Holdings, we believe business success comes from creating value for customers, investors, employees and the community. Our diversified business portfolio across lending, insurance, risk management and other services caters to a wide range of customer needs across pan India. We are committed to create shareholder value through responsible business decisions that deliver sustainable growth. Our employees play a vital role in business expansion. We continue our focus in providing a conducive work environment for our people to use their capabilities in building their careers with us. Being part of the Murugappa Group, through various CSR initiatives we always endeavour to serve the underprivileged section of the community to make a meaningful impact on their lives.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. M M Murugappan
 Mr. B Ramaratnam
 Mrs. Vasudha Sundararaman
 Mr. K Balasubramanian
 Mr. Vellayan Subbiah
 Mr. Sridharan Rangarajan

MANAGER & CHIEF FINANCIAL OFFICER

Mr. N Ganesh

SECRETARY

Mrs. E Krithika

AUDITORS

M/s. Sharp & Tannan Associates
 Chartered Accountants
 87, Nariman Bhavan, 227, Nariman Point,
 Mumbai - 400 021
 Phone: 022 61537500 / 22022224-8857

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

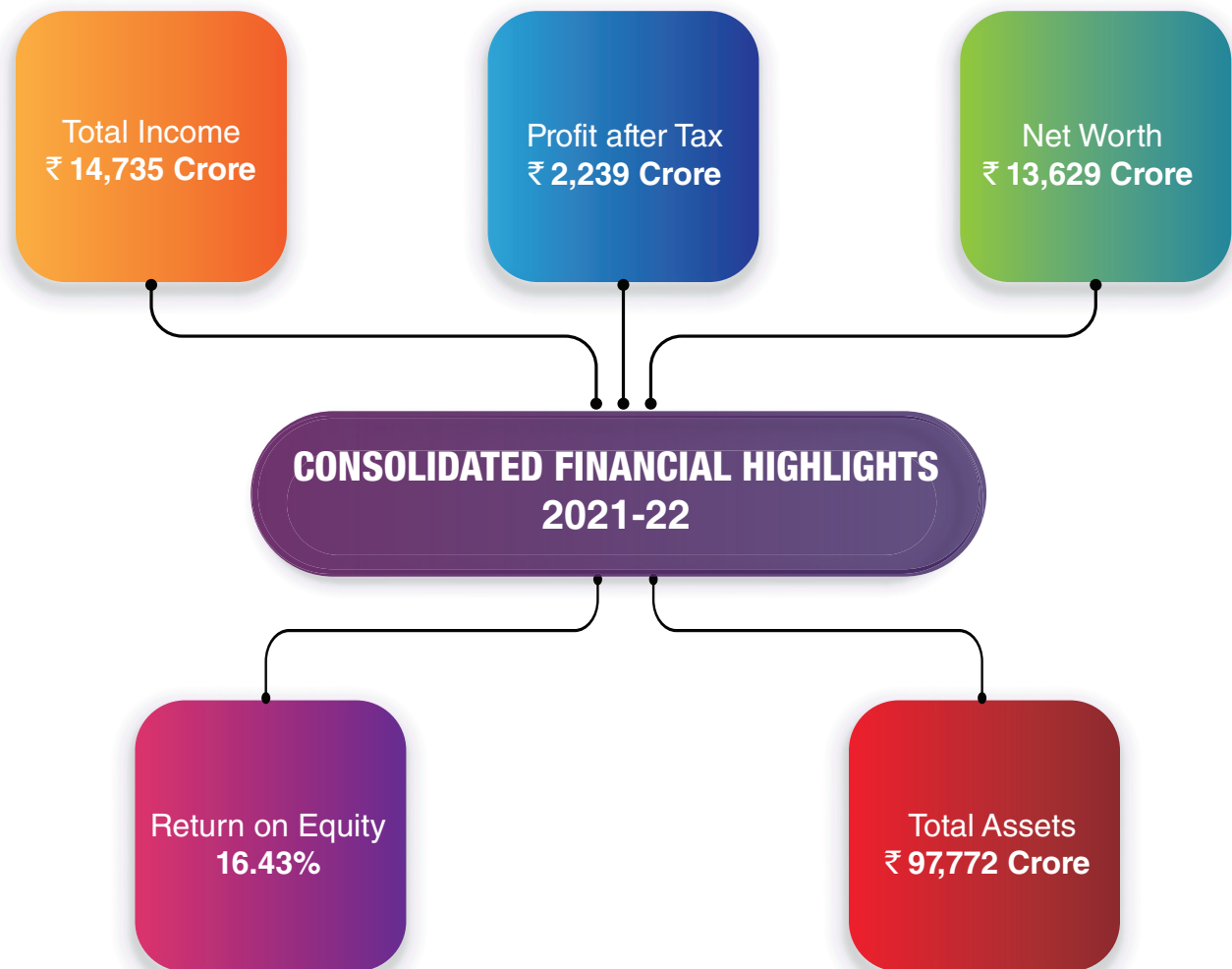
L65100TN1949PLC002905

REGISTRAR & SHARE TRANSFER AGENT

KFin Technologies Limited
 (formerly, KFin Technologies Private Limited)
 Selenium Building, Tower - B,
 Plot No.31 & 32, Financial District, Nanakramguda,
 Gachibowli, Hyderabad - 500 032
 Phone : 040-67162222, Fax : 040-23420814
 Toll free : 1800-309-4001
 E-mail : einward.ris@kfintech.com
 Website : <https://www.kfintech.com/>

About Us

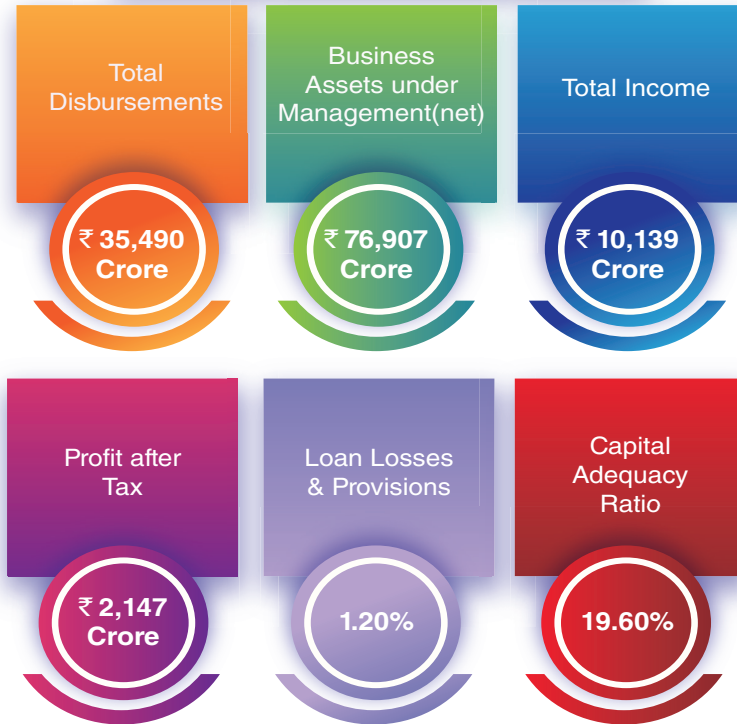
Cholamandalam Financial Holdings Limited ('CFHL') incorporated in 1949, is a part of the Murugappa Group, one of the most diversified business conglomerates of India. CFHL is a Core Investment Company registered with the Reserve Bank of India holding substantial investments in group companies. CFHL offers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



OUR BUSINESSES

Cholamandalam Investment and Finance Company Limited

Key Highlights 21-22



Business Highlights

- ❖ Highest disbursements in the history of Chola
- ❖ Acquired Payswiff Technologies Private Limited and also invested in Paytail Commerce Private Limited to participate in the fintech space
- ❖ Launched new businesses - Consumer & Small Enterprise Loan and Secured Business & Personal Loan
- ❖ Adoption of 'Lean' and 'Kaizen' at an organization level to drive process efficiencies and reduce risk across all businesses and functions
- ❖ Development of Environmental, Social, and Governance (ESG) framework, thereby enhancing the company's position as a responsible lender
- ❖ More than 18.7 Lakh customers and 8900+ employees
- ❖ 1145 branches across 27 States / 5 Union Territories



VEHICLE FINANCE



LOAN AGAINST PROPERTY



HOME LOANS



SME LOANS



CHOLA WEALTH
Let's Grow Together



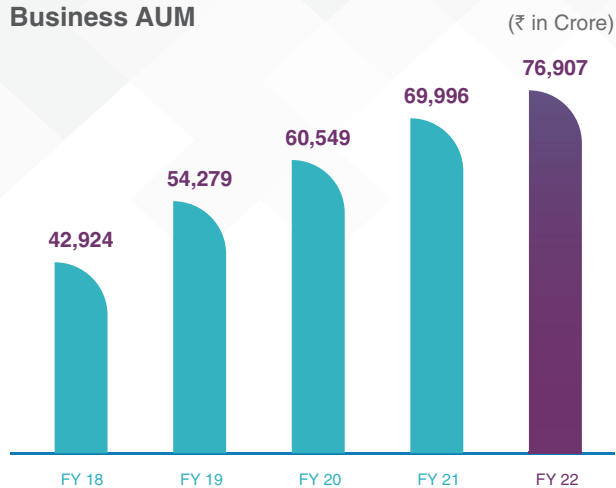
SECURED BUSINESS & PERSONAL LOAN



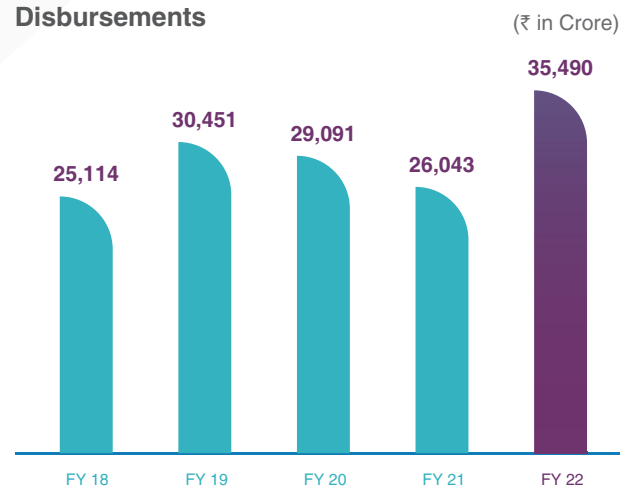
CONSUMER & SMALL ENTERPRISE LOAN

Cholamandalam Investment and Finance Company Limited

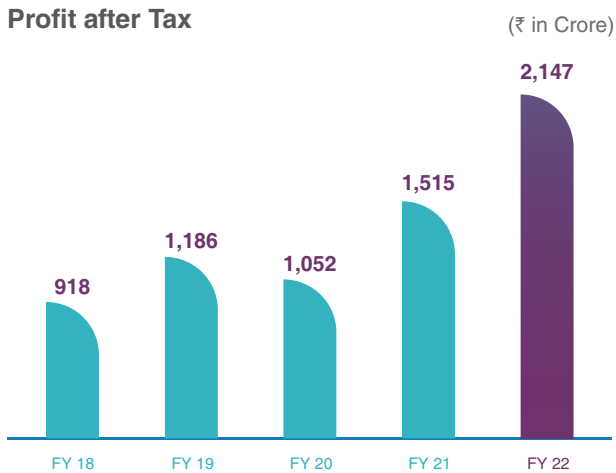
Business AUM



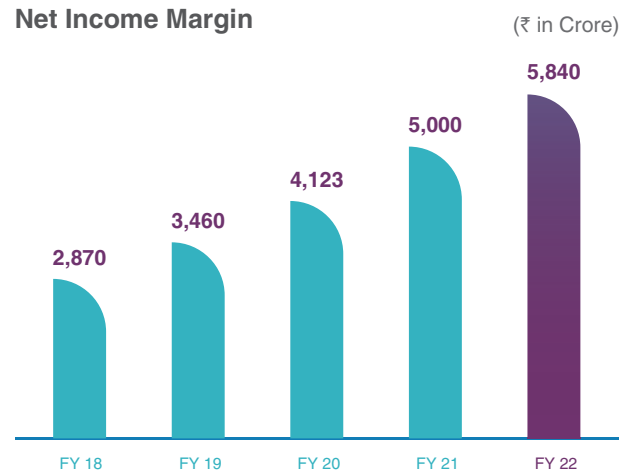
Disbursements



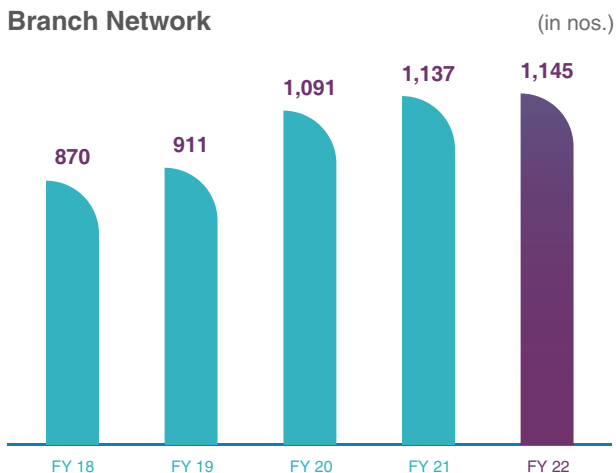
Profit after Tax



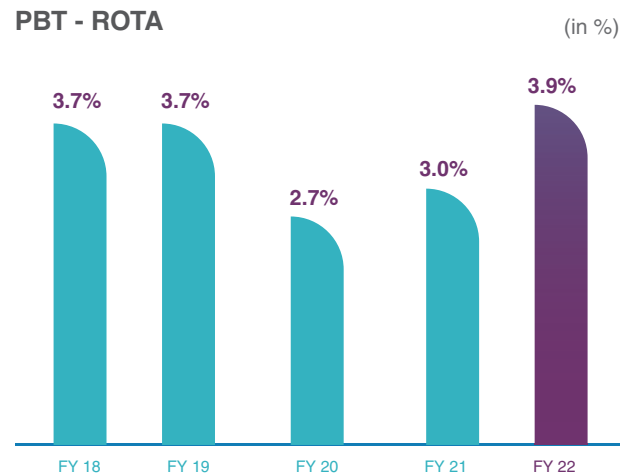
Net Income Margin



Branch Network



PBT - ROTA



Cholamandalam MS General Insurance Company Limited



Business Highlights

- ❖ Geographic expansion into the states of Uttar Pradesh, Punjab, Delhi in the virtual office model, aimed at lowering fixed costs.
- ❖ Continued industry leadership in motor own damage claims ratios and compromise settlements in motor third party claims
- ❖ Share of business from non-motor lines improved to 29%. Within motor, the non-CV mix improved from 49% to 59%.
- ❖ Good performance of the reinsurance treaties prompting reinsurers to enhance capacity
- ❖ More than 1.24 Crore policies and certificates issued and serviced 4.7 Lakh claims
- ❖ PAN-India presence with more than 150 branches, network of 10,000+ Cashless Hospitals and network of 10,000+ Cashless Garages
- ❖ Awards and Accolades during the year:
 - Promising Brand of the Year by Economic Times
 - Bancassurance Leader – Large by World BFSI Congress & Awards
 - Asia Best General Insurance Company – Bancassurance by Insurance Alertss
 - Bancassurance Leader – Large by World HRD Congress
 - Brand of the Year in Recognition for Excellence from CEO Magazine

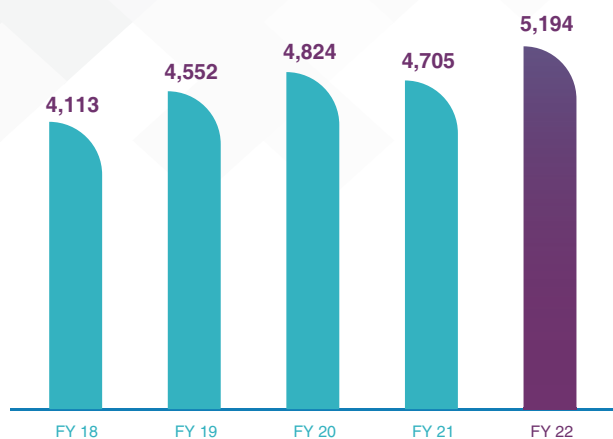


*Figures reported are as per Ind-AS

Cholamandalam MS General Insurance Company Limited

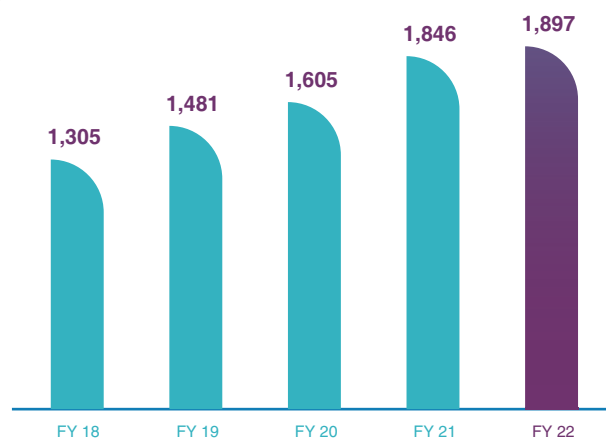
Gross Written Premium

(₹ in Crore)



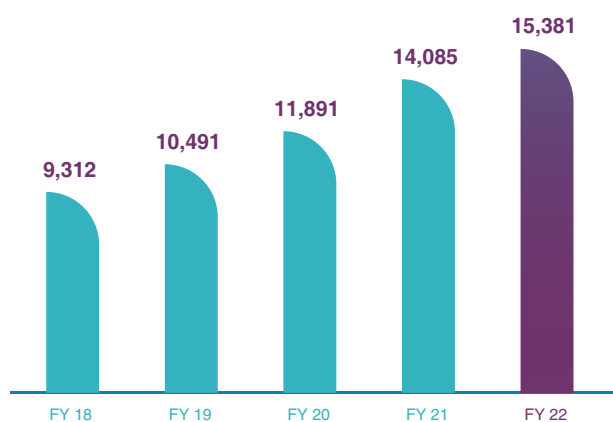
Net Worth

(₹ in Crore)



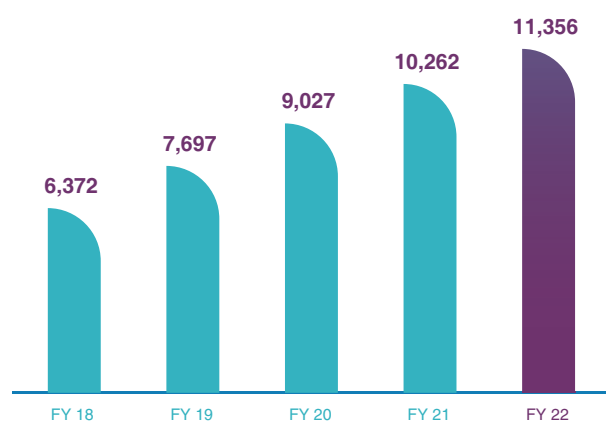
Total Assets

(₹ in Crore)



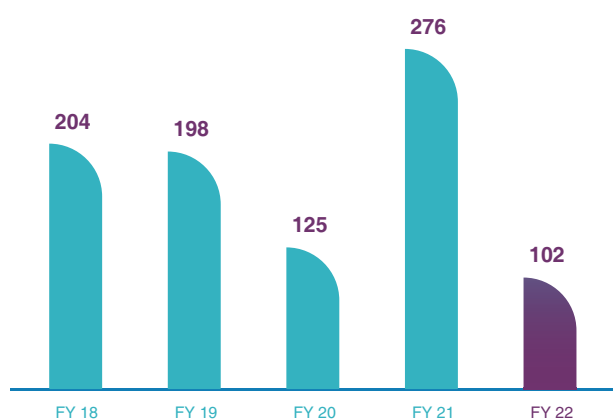
Investment Portfolio

(₹ in Crore)



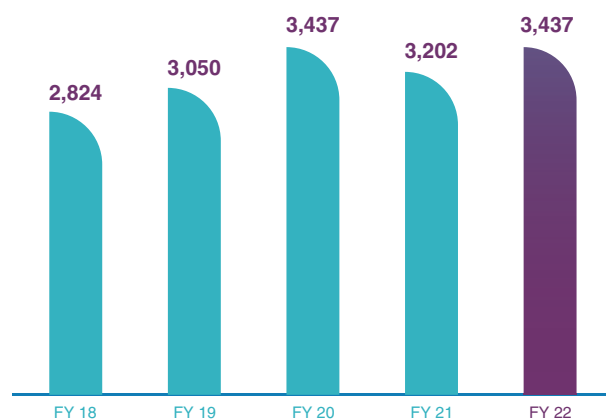
Profit after Tax

(₹ in Crore)



Net Earned Premium

(₹ in Crore)

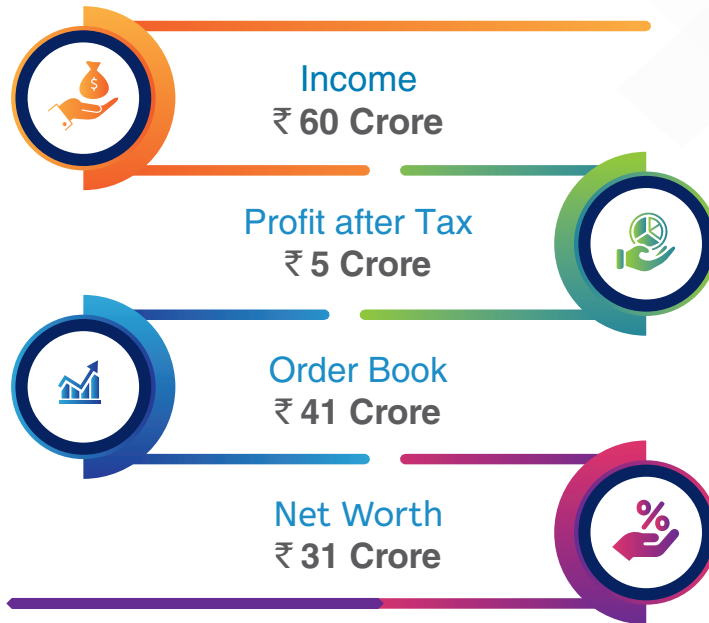


*Figures reported are as per Ind-AS

Cholamandalam MS Risk Services Limited

Key Highlights

2021 - 22



Business Highlights

- ❖ Expanded presence to around 54 locations across the country including resources deployed at various client project sites
- ❖ Carried out more than 350 assignments in process safety, 150+ assignments in electrical safety and 75+ in environment consulting
- ❖ Entered into agency agreement with M/s. Numero Uno Training and Consulting LLC of Abu Dhabi as part of the expansion plan to UAE region
- ❖ Launch of scaffolding inspector training in collaboration with STI Texas
- ❖ Continued to extend digitalization in offering services by adding virtual DMC v.02, gamification in PSM Studies, introducing “SHE Genie” for construction safety application



Construction Safety



Electrical Safety



Environment Consulting



Insurance Support Services



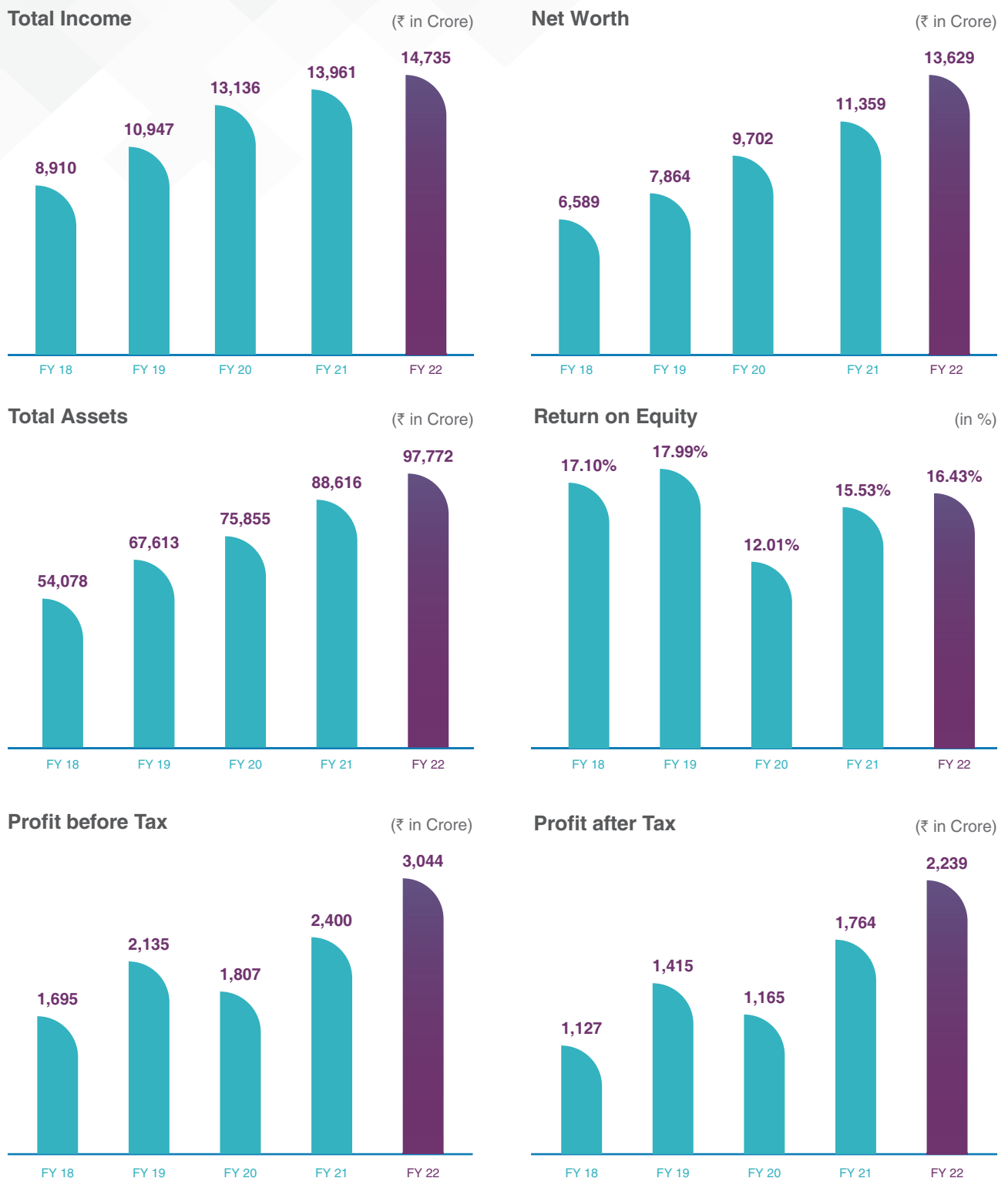
Logistics Risk Management



Process Safety

Cholamandalam Financial Holdings Limited

Key Highlights - Consolidated



MESSAGE FROM THE CHAIRMAN



Dear Shareholders,

It is said that tough times make us stronger. Proving this right, after the raging impact of the pandemic, economic activities gathered momentum and domestic economy posted a decent recovery during the fiscal year 2022 on the back of pent-up demand and relaxation of the COVID-19 induced restrictions. Proactive measures taken by the Government and regulators across sectors went a long way in minimising disruptions caused by the second and third covid waves. On the global front, the economy briefly revived until the growth was hampered by the geo-political conditions in Europe since February 2022.

Despite the volatile economic scenario, our businesses embraced changes, developed clear strategies and demonstrated resilience during the year. I am pleased to share with you the

Company's performance highlights during FY 22. The Company together with its group entities continued to deliver a consistent performance during the year. Our consolidated income grew around 6% to ₹14,735 Crore and profits after tax grew by 27% to ₹2,239 Crore. At standalone levels, the Company's total income was ₹84 Crore and profits after tax was ₹56 Crore for the same period. I am glad to inform you that the Company's Board has recommended a dividend @ 55% for shareholders' approval at the upcoming annual general meeting.

Over the years, financial services industry has undergone rapid expansion. More specifically, the NBFC sector in which our business operates, witnessed a roller coaster trend in the last few years. Though the sector saw a setback in the first quarter owing to wave 2 lockdowns, it posted a broad revival from the second quarter of the fiscal year 2022 as economic activities progressed. The Reserve Bank of India in its continued endeavour to strengthen regulatory supervision on NBFCs, introduced a host of scale based norms during the year. We welcome these changes and our businesses are receptive to the new requirements.

That said, the fiscal year 2022 turned out to be an eventful year for our NBFC subsidiary, Cholamandalam Investment and Finance Company Limited (Chola). Chola delivered a stellar performance during the year with highest disbursements in its history clocked at ₹35,490 Crore, business assets under management was ₹76,907 Crore and profits after tax grew by 42% to ₹2,147 Crore. Among its business segments, vehicle finance disbursements had a growth of 26%, loan against property business grew by 62% and home loans business marginally grew by 2%. On provisioning norms, the company took a conservative stance and maintained an optimum level of liquid assets to ensure a comfortable ALM position. Chola acquired a new subsidiary, Payswiff Technologies Private Limited at an

investment of ₹450 Crore and also forged a new business partnership with Paytail Commerce Private Limited at an investment of ₹9.75 Crore during the year to participate in the fintech space. Launch of new products – consumer and small enterprise loans and secured business and personal loans along with expansion of small and medium enterprises loans business was another milestone in the year 21-22.

Turning to the insurance sector, the general insurance industry (excluding standalone health insurance companies) grew by 8.8% in FY 22. Growth in premiums in the non-life insurance industry is largely driven by the health insurance segment, which has become the most dominant line of business. The pandemic emphasized the significance of healthcare on the economy, and health insurance plays a critical role in strengthening the healthcare ecosystem. Amongst its various segments, the property and the health segments had growth, the motor segment experienced a stunted growth and the crop segment had negative growth.

Our insurance subsidiary, Cholamandalam MS General Insurance Company Limited (Chola MS) achieved a gross written premium of ₹5,194 Crore (under Ind-AS) and held its market share. During the year 21-22, the Company added new channel partners, progressed on its strategic intent of de-risking and diversification, stepped up its efforts on digitisation and has grown its investment corpus to over ₹12,500 Crore. Post the directive from the regulator, Chola MS absorbed all sourcing costs relating to long term policies on incurrence which impacted the financial results for the year but has left the balance sheet stronger in terms of the embedded value. The Company also had to absorb COVID related health claims to the tune of ₹277 Crore during the year.

Cholamandalam MS Risk Services (Chola Risk), our joint venture company offering risk management solutions, strengthened its order book by bagging few long-term contracts during the year. The business entered into an agency agreement as part of its strategy in expanding to UAE region besides launch of digital division to

explore and supplement its existing core services. Chola Risk reported its best ever top-line with an income of ₹60 Crore and profits after tax of ₹5 Crore in FY 22.

We look forward for the optimal environment to continue in the current year driven by private consumption and elevated public spending notwithstanding downside risks in the form of high inflation, supply chain disruptions and occurrence of yet another wave of the pandemic. With robust processes and systems in place and strong management teams, we are poised to accomplish sustained performance across our business portfolios. While we continue our focus on adapting to new business requirements through implementation of various digital initiatives, effective and efficient customer service continues to be our top priority.

My fellow colleagues on the Board continue to be a great source of encouragement and support to the Company's management and to me, personally. I thank each member on the Board for their committed involvement and counsel. On behalf of the Company, I am glad to welcome Mr. K Balasubramanian on Board. I am confident that the Company will greatly benefit out of Balasubramanian's expertise and vast experience as a finance professional. Mr. Ashok Kumar Barat stepped down from the Board during the year. I would like to thank Mr. Ashok for his support and guidance during his association with the Company as a director, member of the Audit Committee and Chairman of the Nomination & Remuneration Committee.

I take this opportunity to thank all our shareholders, customers, regulators, business partners and vendors for their continued support and patronage. My appreciation and best wishes to our leadership teams for their commitment and efforts. I would also like to thank all our employees for their dedication and valuable contribution in driving the Company to a greater success.

Best Wishes,
M M Murugappan
 Chairman

BOARD OF DIRECTORS



Mr. M M Murugappan

*Chairman & Non-Executive Director
DIN: 00170478 ; 66 years*

- ◆ Holds a Bachelor's degree in Chemical Engineering from the University of Madras and a Master's degree in Chemical Engineering from the University of Michigan, USA;
- ◆ Has over 40 years of experience in diverse areas including strategy & business development, technology and human resources;
- ◆ Is the Non-Executive Chairman of Carborundum Universal Ltd., Cholamandalam MS General Insurance Company Ltd., Cyient Ltd. and Murugappa Water Technology and Solutions Private Ltd.;
- ◆ Is a Board member of IIT Madras Research Park and Ambadi Investments Ltd. Has served on the Board of Governors of IIT Madras;
- ◆ Was elected as a fellow member of the Indian Ceramic Society and is also a member of the American Institute of Chemical Engineers and the Indian Institute of Chemical Engineers, Plastics & Rubber Institute;
- ◆ Is a trustee of the Murugappa Group's AMM Foundation, actively involved in the foundation's activities in the area of education, health care, etc.;
- ◆ Has been a Non-Executive Director of the Company since November 2017. Prior to that had served the Board of the Company as a Non-Executive Director from March 2002 till July 2017.

- ◆ 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. and ProConnect supply chain solutions Ltd.;
- ◆ Joined the Company's Board in March 2019.



Mr. B Ramaratnam

*Independent Director
DIN: 07525213 ; 67 years*



Mrs. Vasudha Sundararaman

*Independent Director
DIN: 06609400 ; 64 years*

- ◆ Is a B.Sc (Zoology) graduate from Stella Maris College, Chennai, M.Sc (Zoology) from the 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;
- ◆ Is a Board member of Rane (Madras) Ltd. Has served as the Managing Director and Chief Executive Officer of SBI SG Global Securities Services Pvt. Ltd., a JV between SBI and Societe Generale for over four years prior to retirement;
- ◆ Joined the Company's Board in February 2020.

BOARD OF DIRECTORS



Mr. K Balasubramanian
Independent Director
DIN: 00137260 ; 67 years

- ♦ Is a Science graduate and a member of the Institute of Chartered Accountants of India;
- ♦ Has over three decades of experience in finance, risk management, strategic investments and treasury;
- ♦ Has served as the CFO of listed entities and played a pivotal role in divestments and acquisitions of domestic and international businesses;
- ♦ Has wide experience in sourcing domestic and international finance, simplification of business processes and strengthening of internal controls;
- ♦ Was associated with PricewaterhouseCoopers, Africa for four years as a senior consultant during his early phase of career;
- ♦ Joined the Company's Board on March 17, 2022.

- ♦ Holds a Bachelor of Technology degree in Civil Engineering from IIT Madras and a Masters degree in Business Administration from the University of Michigan, USA;
- ♦ Has over 25 years of experience in the varied fields of consulting, technology, projects, financial services and engineering in different positions across different industries including Mckinsey & Company, 24/7 Customer Inc., etc.;
- ♦ Was a recipient of the Extraordinary Entrepreneur of the Year - TIECON 2014 Award;
- ♦ Was the Managing Director of Tube Investments of India Ltd. (TII) from August 2017 to March 2022. Is the Executive Vice Chairman of TII effective April 1, 2022;
- ♦ Is the Chairman of Cholamandalam Investment and Finance Company Ltd. and CG Power & Industrial Solutions Ltd. and a director on the Boards of various other companies including SRF Ltd. and Ambadi Investments Ltd.;
- ♦ Joined the Company's Board in November 2020.



Mr. Vellayan Subbiah
Non-Executive Director
DIN: 01138759 ; 52 years



Mr. Sridharan Rangarajan
Non-Executive Director
DIN: 01814413 ; 56 years

- ♦ Graduate in Commerce from the Madurai University, a member of the Institute of Chartered Accountants of India, a graduate member of the Institute of Cost Accountants of India and a certified six sigma 'Green Belt', trained 'Process Champion' and 'Black Belt';
- ♦ Has over 30 years of experience in finance, manufacturing, service & distribution, banking and contracting industries;
- ♦ Has rich multinational and cross-cultural work experience from having worked in companies like ABB, IDBI, LG Electronics, METITO, Trane Inc., USA and Timken;
- ♦ Has served as the Chief Financial Officer of the Murugappa Group. Is a director on the Boards of various other companies including E.I.D. - Parry (India) Ltd., Carborundum Universal Ltd., Cholamandalam MS General Insurance Company Ltd., Cholamandalam MS Risk Services Ltd.;
- ♦ Joined the Company's Board in August 2018.

Board's Report & Management Discussion and Analysis

Dear Shareholders,

The Directors take pleasure in presenting the 73rd Annual Report together with the audited financial statements of the Company for the financial year ('FY') ended March 31, 2022.

COMPANY OVERVIEW

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

CFHL holds substantial investments in the following financial services / risk management companies of the Murugappa Group (hereinafter collectively referred as 'group companies') and serves large number of customers by providing loans for asset acquisition through financing, asset and family protection through general insurance and risk management services.

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

STANDALONE FINANCIAL RESULTS (₹ in Crore)

Particulars	2021-22	2020-21
Total Income	83.51	58.14
Total Expenses	12.77	24.24
Profit Before Tax	70.74	33.90
Tax Expense	15.23	12.19
Profit for the year	55.51	21.71
Other Comprehensive Income	0.58	0.53
Total Comprehensive Income	56.09	22.24

SHARE CAPITAL

The paid-up equity share capital of CFHL as on March 31, 2022 was ₹18.77 Crore. During FY 22, 19,910 equity shares were allotted upon exercise of vested stock options by eligible option grantees under the Company's Employees Stock Option Schemes 2007 and 2016.

DIVIDEND

The Board of Directors have recommended a dividend at the rate of 55% i.e., ₹0.55 per equity share of face value of ₹1/- each for the year ended March 31, 2022.

APPROPRIATIONS

The Company has transferred a sum of ₹11.11 Crore (previous year: ₹4.35 Crore) to Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934.

MACRO ECONOMIC ENVIRONMENT

The financial year 2022 began with the impact from the COVID second wave creating havoc for India and the world, ushering in newer challenges across sectors. However, a rapid vaccination coverage, positive business environment paired with government support provided a strong momentum for a sustained economic recovery. The onset of the third wave, which was seen in the latter part of the year was quite brief and had a muted impact on the economy than the earlier two waves. The second half of the year gradually picked up with progress in consumption, investment, capacity utilisation, among others. Key macroeconomic parameters including GST collections, digital transactions, FASTag revenues, demand for electricity, metals and coal production demonstrated a positive trajectory. The country continues to remain one among the fastest growing economies with its GDP expected to grow around 9.2% in FY 22.

Turning to the sectoral aspects, growth in agriculture and allied activities is estimated at 3.3% backed by a normal monsoon. After a contraction in the previous fiscal year the manufacturing sector is expected to expand by 12% while the services sector is projected to grow by 8.2% in FY 22 following a decline of 8.4% last year. Contact intensive segments such as trade, hotels, transport and communication though yet to fully recover is likely to expand 11.6% in FY 22. Private consumption improved to recover significantly from the second half of the year. The RBI's Monetary Policy maintained an accommodative stance and continues to support the economy's expansion.

The Union Budget for FY 2022-23 laid emphasis to strengthen the infrastructure with its focus on key priorities including Productivity Enhancement, Financing Investments and GatiShakti Plan. The GatiShakti National Masterplan for seamless multi-modal connectivity continues to be the focus area for augmenting transportation and logistics infrastructure. Government's initiatives on driving Public Private Partnership (PPP) projects and extension of Production Linked Incentive (PLI) schemes to new sectors is expected to drive growth in domestic manufacturing and create more jobs.

Globally, as the economy was gradually recovering from the effects of the pandemic and several economies returning to their pre-covid levels, another shock struck. The ongoing conflict between the Russia and Ukraine since late February 2022 triggered a humanitarian crisis. Headwinds consequent to the war include high commodity prices, especially energy, metals, and some food and agricultural products, tightened fiscal conditions, trade and supply chain disruptions and lower private sector confidence. These disruptions pose risk of elevated inflation for businesses and consumers across the world, urging continued tightening of monetary and fiscal policies. Furthermore, frequent and wider-ranging lockdowns in China have impacted economic activity creating new bottlenecks in global supply chains. Overall risks to economic prospects have risen sharply and policy trade-offs have become ever more challenging. As per the IMF, global growth prospects are expected to slow down to 3.6% in 2022 after a projected expansion of 6.1% in 2021.

Consequent to the evolving geopolitical situation and India's dependence on crude oil, natural gas, and other commodities, a spike in inflation and in the current account deficit are aspects to be kept under watch. Exports that were providing a cushion to the loss of domestic output are likely to be subdued as the developed countries are also witnessing a slowdown. Foreign direct investment inflow could moderate amid contraction of global economic and financial conditions. Outlook for the domestic economy remains positive for FY 23 backed by normal monsoon and high public investment though uncertainty prevails from the ongoing global conditions, potential new wave of COVID and sharp rise in commodity prices. Amidst volatile economic conditions, India's GDP is projected to grow over 8% in FY 23.

BUSINESS ENVIRONMENT

CFHL earns revenue primarily by way of dividend income from investments held in group companies. An overview of the financial services sector in which the Company operates along with a business update of group companies during FY 22 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 dominated by banking and non banking financial companies ('NBFCs') have witnessed exponential growth in the last decade driven largely by regulatory reforms and their ability to cater to unbanked areas through innovative products and service delivery mechanisms. However, in the past few years the sector was dealing with the contagion effects associated with the collapse of a few NBFCs and co-operative banks followed by the onset of COVID-19 pandemic in the early 2020. Various policy initiatives of the Government and the regulator have helped NBFCs to navigate through the challenges in terms of liquidity, provisioning and asset management. As economic activities gathered momentum post relaxation of pandemic restrictions, the sector rebounded from second quarter of the fiscal year 2022 posting a significant growth. With an aim to strengthen supervision of NBFCs, RBI introduced various regulations and guidelines during the year, such as: a) scale based regulations to provide enhanced regulatory standards based on the size and activities of NBFCs b) prompt corrective action framework for timely regulatory intervention which require NBFCs to initiate and implement remedial measures so as to restore its financial health c) revised norms for income recognition, asset classification and provisioning, to ensure uniformity among lending institutions. Though these regulatory changes are expected improve overall governance standards of NBFCs in the long term, the sector might face some headwinds in the short term.

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

Vehicle Finance ('VF')

CIFCL's Vehicle Finance business comprising of diversified portfolio viz., commercial vehicles, passenger vehicles and used vehicles, continues to be the major segment contributing 69% of its aggregate assets under management ('AUM') as at March 31, 2022.

Commercial vehicles and passenger vehicles registered double digit growth in FY 22 after two years of continuous de-growth backed by improvement in economic activity, revival of construction / mining activities and improvement in semiconductor supplies towards the end of the year. The domestic commercial vehicle industry grew by 26% in FY 22, supported by a low base and improvement in economic activity. The commercial vehicle industry is expected to deliver double digit growth in FY 23 driven by freight demand, replacement demand, structural economic recovery and higher infra spends by the government. However, inflation in fuel prices and its impact on viability of fleet operators will remain a key challenge in FY 23. The domestic car and utility vehicle industry had witnessed a 14% growth in FY 22 aided by improvement in semiconductor supplies towards the end of the year and improvement in sale of utility vehicles due to shift in customer preferences. A gradual recovery in two-wheeler demand is expected in FY 23 with a decent growth year on year considering a low base. Tractor industry had witnessed a de-growth of 6% in FY 22 attributable to the huge volumes in FY 21 which was the ever all-time high for tractor sales in India. Tractor volumes might show minimal growth in FY 23 given the high base and moderation in demand. After strong volume upsurge in H1 of FY 22, the volumes in construction equipment moderated significantly during the second half and had a de-growth of around 8%. Major factors that contributed to the de-growth were increasing cost of equipment prices, muted rentals and monsoon related impediments which impacted the road and construction sector. With higher allocation to infra sector in the union budget and restoration of normalcy in mining and construction activity the construction industry is expected to grow in FY 23.

The Vehicle Finance business disbursed ₹25,439 Crore during FY 22 as against ₹20,249 Crore in the previous year registering a growth of 26% and profits before tax ('PBT') during the year was ₹2,054 Crore as against ₹1,287 Crore in the previous year. The VF business continued its focus on maintaining asset quality through a co-ordinated collection strategy, which helped in

restricting gross stage 3 assets to 3.9% inspite of the second COVID wave in Q1 which had a severe impact on customer cash flows. The company has designed a multi-pronged long-term strategy to minimize the cost of operations and credit losses, to maximize ROA and customer experience. Operating model enhancements have been prioritized and implemented at product level. The business has a robust collection mechanism in place aided with a strong credit risk assessment framework which will help in steering through any strong currents in the market.

Loan against Property ('LAP')

In FY 22 growth rate in LAP segment was higher than non-LAP segment (secured non-LAP and unsecured) as non-banks preferred mortgage-based lending over cash-flow-based lending in the short-run given the potential risks in other segments. LAP segment is expected to perform better in FY 23 with improvement in economy and lenders being positive towards mortgage-based lending.

The focus of CIFCL's LAP in FY 22 was to stabilize collections, scale up disbursements, get systems and processes equipped to handle COVID induced challenges. The business continues to focus on a systematic approach to build a healthy portfolio mix, with more than 80% of portfolio as self-occupied residential properties (SORP) and an average loan ticket size of less than ₹45 Lakh. The business had started exceeding pre-COVID level of monthly disbursements with adequate branch expansion while strengthening credit policy in tune with market developments.

Assets Under Management (AUM) for the business grew by 16% to ₹17,115 Crore (previous year: ₹14,777 Crore) and disbursements registered a growth of 62% to ₹5,862 Crore (previous year: ₹3,627 Crore).

Home Loans ('HL')

The Indian Housing Finance market grew around 9~11% in FY 22. Q1 was significantly impacted by the second wave of COVID-19 and its impact was felt through subsequent quarters. In terms of ticket size, the <25 lakhs segment contributes more than 43% of the mortgage outstanding. Housing sector is expected to grow 10~12% in FY 23 and affordable housing to grow 7~9% in the same period. Regulatory and fiscal environment remains conducive for the demand in affordable housing segment.

As on March 31, 2022, the HL business had 43,056 live accounts (25% growth Y-o-Y) with an AUM of ₹5,269 Crore (21% growth Y-o-Y). 89% of this portfolio is in Tier II, III, IV cities and towns. The disbursements grew by 2% Y-o-Y from ₹1,542 Crore in FY 21 to ₹1,571 Crore in FY 22.

Lower Middle-Income-Group customers continue to be the target group for HL business. CIFCL's HL business has built on inherent strength in lending to the lower middle income (LMI) segment with a customized eligibility program for business owners and salaried customers. Lending for self construction, remains a strong focus with significant proportion of the portfolio and fresh disbursements sourced from this segment.

New Business

CIFCL launched new businesses during the year viz., Consumer & Small Enterprise Loan ('CSEL') and Secured Business & Personal Loan ('SBPL') alongwith Small and Medium Enterprise Loans business. CSEL offers personal loans, professional loans and business loans to salaried, self-employed professionals and micro & small businesses spread across 50 locations and have acquired over 1.3 Lakh customers in Q4 of FY 22. The business growth is both through traditional and partnerships with Fin-techs. SBPL offers secured business loan with self-occupied residential property or commercial cum-residential property as collateral, launched in 50 locations with initial focus on South and West Markets. In SME business, the product suite includes supply chain financing, term loans for capex, loan against shares, funding on hypothecation of machinery for specific industries. Business AUM sourced through new businesses aggregates to ₹1,642 Crore and disbursements was ₹2,618 Crore for FY 22.

New Acquisitions

During the year, CIFCL invested ₹450 Crore and acquired 73.8% stake in Payswiff Technologies Private Limited ('Payswiff') and invested ₹9.75 Crore and acquired 16.29% stake in Paytail Commerce Private Limited ('Paytail'). Payswiff is engaged in the business of enabling online payment gateway services for e-commerce businesses and provides e-commerce solutions. Payswiff is an omni channel payment transaction solution that lets business owners accept payments from their customers in-store, at home deliveries, online and on-the-go using mPOS and POS solutions. Paytail is a new age fintech company focusing on offline 'Buy Now Pay Later' through brand partnerships.

Other functions

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

Outlook

Industry outlook across all business segments is positive and CIFCL will look to scale up disbursements by expanding into new geography/customer segments, driving market share growth through OEM/dealer tie-ups, co-lending partnerships, improving internal efficiencies through digital initiatives. Strong collection infrastructure is driven by experienced field teams with product level focus from early buckets. The company is running host of initiatives to digitize the collection processes which will help strengthen the asset quality position back to pre-covid levels.

General Insurance Industry & Business Update

Financial year 2021-22 was a mixed one for the non-life insurance industry. Following the impact from COVID second wave, the industry evidenced a phase of recovery only to be beset with challenges of heightened competitive intensity, chip shortages in the four-wheeler segment and weak customer demand in the two-wheeler segment. The general insurance industry grew around 8.8% in FY 22 and achieved a gross written premium ('GWP') of ₹1,848 billion.

The market share of public sector companies was 40.7% with the private sector companies growing their share to 59.3%. Amongst the other lines of insurance businesses, motor insurance registered a muted growth of 4% while the fire insurance business grew by 7%. Growth in the health insurance segment was higher in the backdrop of group and Government health business.

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

In a highly competitive business environment, CMSGICL ranks 8th position among private insurers with a market share of 2.6% (among general insurers).

CMSGICL recorded a GWP of ₹5,194 Crore (previous year: ₹4,705 Crore) for the year ended March 31, 2022. The GWP growth was largely driven by its thrust in adding new channel partners, entry into large motor OEM programs and growth in commercial lines. Digital business grew well to contribute 2% of the top line. The company grew its business operations by welcoming over 10 million customers across its product categories. CMSGICL continues to lead the industry in motor OD loss ratios and to secure higher levels of compromise settlements in motor third party claims. In FY 22, the company serviced over 4.7 Lakh claims across various lines of business, which is 52% more than the previous fiscal year.

Motor Insurance

Motor insurance business registered a higher than industry growth at 9.7% during the year. The company stepped up its renewal ratio in the cars portfolio even as the pandemic impacted the renewal ratio in commercial vehicles. The premium pricing in motor own-damage ('OD') witnessed severe pressure with discounts across vehicle categories rising to new highs. This has caused an adverse change in the motor OD claims ratios of all players in the industry. In motor third party, the absence of hike in third party premium was extended for the second year due to the pandemic. The company continues to exercise utmost care in its choice of sub-segments, geographies has been rated high by its channel partners and customers for its claims servicing processes.

Property and Casualty Insurance

Growth in premium from commercial lines of business was mainly driven by the 11% growth in fire insurance portfolio. Marine and engineering lines of businesses also witnessed improved performance with increase in the levels of economic activity. Miscellaneous lines grew well during the year. CMSGICL continues to follow disciplined underwriting and prudent risk selection in the highly demanding environment.

Health, Accident and Travel Insurance

During the year, health, accident and travel insurance business grew marginally with stronger growth registered in the last quarter. While the growth in retail indemnity policies was strong, the bancassurance led bundled

product sales in personal accident and health benefit policies suffered a drop as a fall out of the pandemic and reduced lending by financiers.

The second wave of the pandemic impacted heavily with CMSGICL settling over 58,000 COVID health claims aggregating to ₹277 Crore during the year. The company continues to strengthen its underwriting framework with intelligent use of technology for its risk selection, upsell and cross-sell initiatives.

Other functions

FY 22 witnessed claims management function stepping up speed of disposal while handling larger volumes with efficiency and productivity. Besides digitisation of its claims processes across lines of businesses, CMSGICL continues to focus on harnessing efficiencies for severity control across all lines, automation for speed and operational controls, proactive approach to servicing for building transparency and satisfaction levels of customers.

The company implemented several new tech platforms and IT initiatives including digital integration with channel partners such as OEMs, bancassurance partners, digital partners etc. for seamless issuance of policies, a fully digitized platform for on-boarding of POSP agents, introduction of robotics process automation in claims and finance functions, AI powered chat-bot enabled on corporate website to benefit customer self-service etc.

Outlook

The general insurance industry which has displayed good resilience during the two years ravaged by the pandemic expects to grow strongly in FY 23. Headwinds for the industry include the micro-chip shortage induced lower automobile sales, higher inflation impacting consumer spends while the tailwinds are the enhanced level of awareness towards health insurance, newer products in the market, the infrastructure spend thrust from the Government, expected credit offtake from banks etc. The imminent rise in interest rates in the economy will augment the investment income for all players in the industry.

CMSGICL will continue its focus to add channel partners, expand geographically into new markets, enhance its focus on renewals besides launching new products across lines of businesses. The company will tighten its expenses of management and related processes by its thrust on productivity and efficiency improvements.

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 CMSGICL. Although the first quarter was impacted by the second wave of COVID, the business divisions ramped up in the subsequent quarters and met the targets set for FY 22.

The business is backed by a strong technical team of multidisciplinary & certified professionals having exposure to domestic and international markets. During the year, the company continued to extend digitalisation in its offering's by adding Virtual DMC v.02, gamification in PSM Studies, introducing "SHE Genie" for Construction safety application and automating checklist-based audit reports. The launch of scaffolding inspector training in collaboration with STI Texas was another key milestone achieved during the year. CMSRSL expanded its presence to around 54 locations across the country including resources deployed at various client project sites. More than 350 assignments in process safety, 150 plus assignments in electrical and more than 75 projects environment were carried out successfully during the year. The company further strengthened its Order book with new orders aggregating to ₹57 Crore. CMSRSL continues to offer services to CMSGICL and its clients through value-added offerings like thermography, safety audits and cargo loss minimization studies.

FY 23 began with a strong open order book of ₹41 Crore. Business is looking forward to increase the existing client base with a focused marketing and branding strategy in domestic market. Key Initiatives planned for FY 23 include addition of new services, focusing emerging sectors and strengthening execution excellence. Other key initiatives include participating in standards formulation / seminars and industrial trade events and meeting key clients besides rolling out of a structural and future focused competency building program across all verticals.

FINANCIAL REVIEW - SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES

CFHL earned an income of ₹83.51 Crore (previous year: ₹58.14 Crore) a growth of 43% and profit before tax was ₹70.74 Crore (previous year: ₹33.90 Crore) for the financial year ended March 31, 2022 registering a growth of 109%. Aggregate investments stood at ₹1,279.84 Crore (previous year: ₹1,279.22 Crore) as on March 31, 2022. During the year, the Company repaid ₹50 Crore of Non-Convertible Debentures ('NCDs') and the outstanding NCDs as on March 31, 2022 was ₹100 Crore.

Credit Rating

During the year, India Ratings and Research Private Limited has affirmed a rating of IND AA+/Stable for the debt instruments of the Company.

Cholamandalam Investment and Finance Company Limited ('CIFCL')

The Company holds 45.41% in the paid-up equity share capital of CIFCL as on March 31, 2022 and has de-facto control as per the principles of Ind AS 110 and accordingly CIFCL has been considered as a subsidiary, for consolidation purposes. Securities of CIFCL are listed and traded on the National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE).

Business Assets under Management ('AUM') grew by 10% to ₹76,907 Crore as at March 31, 2022 (previous year: ₹69,996 Crore). Loan disbursements aggregated to ₹35,490 Crore (previous year: ₹26,043 Crore) registering a growth of 36% during the year. Profit after tax grew by 42% to ₹2,147 Crore (previous year: ₹1,515 Crore). Investment portfolio of CIFCL as at end of FY 22 was ₹2,076 Crore including investments in government securities of ₹1,543 Crore. As per RBI mandate, CIFCL adopted tighter provisioning norms on its NPA and held a management overlay of ₹500 Crore as at March 31, 2022. The company maintained a comfortable ALM position with no negative cumulative mismatches across all time buckets. As at end of FY 22, the capital adequacy ratio stood at 19.6% as against the minimum regulatory requirement of 15%. During the year, CIFCL raised CP of ₹5,550 Crore of which ₹2,750 Crore were repaid. Outstanding NCDs stood at ₹10,252 Crore and Tier II borrowings stood at ₹3,734 Crore as on March 31, 2022.

CIFCL paid an interim dividend of ₹1.30/- (65%) per equity share of face value of ₹2/- each for FY 22. The Board of CIFCL has recommended a final dividend of ₹0.70/- (35%) per equity share for FY 22, subject to their shareholders' approval.

CIFCL's subsidiary companies are Cholamandalam Securities Limited ('CSEC'), Cholamandalam Home Finance Limited ('CHFL') and Payswiff Technologies Private Limited ('Payswiff'). CSEC is engaged in stock broking and investment advisory services. CSEC focused on creating three distinct business lines for enhancing revenues and productivity - broking, wealth and insurance distribution. During the year, the company increased its footprint from 22 branches to 34 branches. CSEC achieved a gross income of ₹40.01 Crore (previous year: ₹30.14 Crore) and profit before tax of ₹7.48 Crore

(previous year: ₹6.84 Crore) for the year ended March 31, 2022 and the mutual fund AUM was ₹839 Crore as at March 31, 2022.

CHFL recorded a gross income of 56.37 Crore (previous year: ₹37.15 Crore) and made a profit before tax of ₹9.19 Crore (previous year: ₹2.62 Crore) for the year ended March 31, 2022. Currently, the company continues its focus on growing insurance corporate agency business.

Payswiff recorded a gross income of ₹284.60 Crore and made a loss of ₹33.78 Crore for the year ended March 31, 2022. Payswiff Solutions Private Limited and Payswiff Services Private Limited are subsidiaries of Payswiff.

The associate companies of CIFCL are White Data Systems Private Limited, Vishvakarma Payments Private Limited and Paytail Commerce Private Limited.

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 the Company. The 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 figures of CMSGICL reported in this annual report are under Ind-AS.

CMSGICL achieved a gross written premium of ₹5,194 Crore during FY 22 (previous year: ₹4,705 Crore) and the profit before tax was ₹140 Crore (previous year: ₹367 Crore). During the year IRDAI withdrew its earlier permission on accounting treatment of sourcing costs on long term policies and directed the Company to absorb all costs relating to sourcing of business upfront. CMSGICL was further directed to absorb the carried forward pre-payments fully. The financial impact of the direction aggregated to ₹327 Crore. The investment portfolio of CMSGICL grew to ₹11,356 Crore as at March 31, 2022 (previous year: ₹10,262 Crore). In the context of the pandemic environment and with interest rates rendered higher in first few months of the year, the company churned and deployed its investments largely in central and state government securities and pared down exposures to corporate bonds. Investments of CMSGICL in government securities stood at 74.91% of the investment assets (previous year: 74.91%). Solvency ratio of CMSGICL as on March 31, 2022 was 1.95 times as against the minimum regulatory requirement of 1.50 times.

With a view to conserve its resources and augment solvency ratio, the Board of CMSGICL has not recommended dividend for FY 22.

Cholamandalam MS Risk Services Limited ('CMSRSL')

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

CMSRSL achieved an income of ₹59.69 Crore (previous year: ₹43.59 Crore) and profit before tax of ₹7.15 Crore (previous year: ₹2.64 Crore) for the year ended March 31, 2022. The Board of CMSRSL recommended a dividend at the rate of 25% i.e., ₹2.50/- per equity share of face value of ₹10/- each for FY 22.

CONSOLIDATED FINANCIAL RESULTS (₹ in Crore)

Particulars	2021-22	2020-21
Total Income	14,734.98	13,960.84
Total Expenses	11,691.42	11,560.56
Profit Before Tax of Profits from Associate / Joint Venture and Tax	3,043.56	2,400.28
Share of Profit from Associates / Joint Venture (Net of Taxes)	(2.87)	0.32
Profits Before Tax	3,040.69	2,400.60
Tax Expense	(801.33)	(636.38)
Profits for the year	2,239.36	1,764.22
Minority Interest	(1,216.29)	(939.58)
Net Profit for the year attributable to owners of the Company	1,023.07	824.64

BUSINESS REVIEW - SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

Cholamandalam MS General Insurance Company Limited is the subsidiary company of CFHL. Under Ind-AS, Cholamandalam Investment and Finance Company Limited is considered as a subsidiary and Cholamandalam MS Risk Services Limited is the 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 has been furnished 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 I**. 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.cholafnl.com. Annual accounts of the subsidiary companies will also be posted on the Company's website and be made available for inspection by shareholders through electronic mode until the date of the Annual General Meeting ('AGM').

DIRECTORS

At the 72nd AGM held on August 4, 2021 the appointment of Mr. Vellayan Subbiah as a Non-Executive Director of the Company was approved. Mr. Ashok Kumar Barat, Independent Director resigned from the Board on December 21, 2021. The Board places on record its appreciation for the contribution rendered by Mr. Barat during his tenure on the Board.

Based on the recommendation of the Nomination & Remuneration Committee of the Board, Mr. K Balasubramanian (DIN: 00137260) has been appointed as an additional director in the category of an independent director with effect from March 17, 2022. Pursuant to section 149 and regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the SEBI Listing Regulations'), the Company has sought shareholders' approval by way of special resolution through postal ballot for appointment of Mr. K Balasubramanian as an independent director for a term of three (3) consecutive years with effect from March 17, 2022 till March 16, 2025. The result of the postal ballot shall be announced on or before May 19, 2022.

As per the provisions of section 152 of the Act, Mr. Sridharan Rangarajan (DIN: 01814413) retires by rotation at the ensuing AGM and being eligible offered himself for re-appointment. The Board recommends the re-appointment of Mr. Rangarajan as a director liable to retire by rotation and the resolution in this regard forms part of the Notice of the 73rd AGM of the Company.

Information as required to be disclosed under regulation 36(3) of the SEBI Listing Regulations, for re-appointment of director is provided in the AGM Notice.

DECLARATION FROM INDEPENDENT DIRECTORS

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

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

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

KEY MANAGERIAL PERSONNEL

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

STATUTORY AUDITORS

Pursuant to the provisions of section 139(2) of the Act and the rules made thereunder and the guidelines for appointment of statutory auditors for Banks and NBFCs dated April 17, 2021 issued by the RBI, M/s. Sharp & Tannan Associates ('S&T Associates'), Chartered Accountants, were appointed as the statutory auditors of the Company at the 72nd AGM held on August 4, 2021, for a period of three years commencing from the conclusion of the 72nd AGM until the conclusion of the 75th AGM.

The Auditors' Report issued by S&T Associates for the year under review is unmodified and does not contain any qualification, reservation, or adverse remark. The statutory auditors have not reported any incident of fraud to the Audit Committee or the Board of Directors under section 143(12) of the Act during the year.

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, 2022.

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, 2022.

Financial Ratios

The Company being an investment company does not carry on any business other than holding investments in its group companies. Dividend is the primary source of income. Key ratios of the Company are given in the table below:

Ratio Description	31-Mar-2022	31-Mar-2021
Return on Net Worth	4.68%	1.90%
Return on Total Assets	4.30%	1.67%
Debt Equity Ratio (No. of times)	0.08	0.13
Leverage Ratio (No. of times)	0.01	0.02
Ratio of Adjusted Net Worth (ANW) to its aggregate risk weighted assets	942.78%	626.00%

Dividend income is higher by 53.7% in FY 22 compared to the previous year. Consequently, there is improvement in the return on networth and return on total assets. The Company redeemed NCDs aggregating to ₹50 Crore during the year. Therefore there is a decrease in debt equity ratio and leverage ratio. Increase in adjusted

networth is on account of increase in unrealised gains on investment in subsidiaries. The leverage ratio (maximum regulatory requirement: 2.5 times) and adjusted net worth ratio (minimum regulatory requirement: 30%) are computed in accordance with the Master Directions - Core Investment Companies (Reserve Bank) Directions, 2016 ('Master Directions of RBI').

RISK MANAGEMENT

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

The group companies have their own risk management framework in line with its strategic business operations as appropriate to the industry in which they operate. The risk management framework of NBFC and insurance businesses are broadly based on (a) clear understanding and identification of various risks (b) disciplined risk assessment by evaluating the probability and impact of each risk (c) measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks and (d) adequate review mechanism to monitor and control risks. Business operations of each of the group companies, the risks faced by them and the risk mitigation tools followed by them are reviewed periodically by the Risk Management Committees and the Boards of the respective group companies.

CIFCL's risk management division works as a value center by constantly engaging with the business and providing key insights into the portfolio based on data driven analysis. The key risks faced by CIFCL are credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk and operational risk.

The in-house developed risk monitoring tool of CIFCL measures the movement of critical risks. This provides the level and direction of risks, which are arrived at, based on the two level risk thresholds for the identified key risk indicators and are aligned to the overall company's risk appetite framework approved by the Board.

The risk management framework of CMSGICL broadly comprise of establishment of risk management policy, formulation of risk register, review of key risk exposures and asset liability management. The Risk Management Committee of the Board of CMSGICL reviews the risk management framework periodically. Key risk exposures of CMSGICL include financial risk, credit risk, market risk, operational risk and compliance risk. CMSGICL's Enterprise Risk Management ('ERM') function continually conducts risk and control assessments for all functions across the Company. Risk management activities of CMSGICL are aligned to its corporate objectives, organisational priorities and designed to protect and enhance its reputation.

During FY 22 the Risk Management Committee of CFHL's Board reviewed key risk exposures of the Company along with mitigation measures, asset liability management, structural liquidity management, key risk exposures and mitigation measures of subsidiary's businesses viz., NBFC and general insurance businesses.

INTERNAL CONTROL SYSTEM

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

CORPORATE GOVERNANCE

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

A report on corporate governance of the Company together with a certificate from practicing company secretaries in accordance with the SEBI Listing Regulations is annexed to this Report as **Annexure II**.

The Report further contains other details which are required to be provided in the Board's Report.

BOARD MEETINGS

Five meetings of the Board were held during the year ended March 31, 2022. Further details on the Board meetings are disclosed in the Report on Corporate Governance.

COMPOSITION OF THE AUDIT COMMITTEE

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

BOARD EVALUATION

Pursuant to the provisions of section 134 of the Act and regulation 17 of the SEBI Listing Regulations, the Board of Directors have carried out an annual performance evaluation of the Board itself, the individual directors, various committees of the Board and the Chairman for FY 21-22. The manner in which the evaluation has been carried out is provided in the Report on Corporate Governance.

POLICY ON BOARD NOMINATION AND REMUNERATION

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

CORPORATE SOCIAL RESPONSIBILITY ('CSR')

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

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/profile/967>. Since the amount required to be spent by the Company towards CSR activities does not exceed the threshold limit prescribed under section 135(2) of the Act, constitution of the CSR Committee is not mandatory for the Company. Accordingly, the Board discharges the functions of CSR Committee envisaged under the Act.

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 ₹6 Lakh on CSR projects/ programmes approved by the Board during the year ended March 31, 2022. The annual report on CSR activities has been appended as **Annexure III** to this Report.

RELATED PARTY TRANSACTIONS

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

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

HUMAN RESOURCES ('HR') AND PARTICULARS OF EMPLOYEES

Human Resources ('HR') are the valuable assets for the Company. CFHL along with its group companies has a work force of more than 9900 employees as at March 31, 2022. The group companies have robust HR management practices enabling achievement of organizational goals and key milestones through people. Safety and well being of the employees continues to be focus area. The companies continue to emphasize on resourcing and talent planning strategies based on their functional and general management requirements in preparing the organisation for the future.

As on March 31, 2022, there were two employees on the rolls of CFHL. The information required to be disclosed under the provisions of section 197 of the Act read with rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is appended as **Annexure IV** to this Report.

EMPLOYEE STOCK OPTION ('ESOP') SCHEMES

The Company's ESOP Schemes viz., Employee Stock Option Plan 2007 ('ESOP 2007') and Employee Stock

Option Plan 2016 ('ESOP 2016') have been approved by the shareholders.

During the year there have been no fresh grants under both the schemes. Details in respect of ESOP 2007 and ESOP 2016 as required under the applicable SEBI regulations 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. There are 41,680 options vested and not exercised under ESOP 2016 as on March 31, 2022 and no options were outstanding under ESOP 2007 as at end of the year.

Vide the scheme of arrangement (demerger), employees of the Company were transferred to the resulting company, Tube Investments of India Ltd. The stock options granted by the Company prior to the effective date of demerger, i.e. August 1, 2017, continue to be held by the option grantees who are employees of the resulting company. During the year upon exercise of vested stock options by the eligible option grantees, 5,000 and 14,910 equity shares were allotted under ESOP 2007 and ESOP 2016 schemes, respectively.

The certificate from the secretarial auditor, M/s. Srinidhi Sridharan & Associates, Practicing Company Secretaries confirming that ESOP 2007 and ESOP 2016 schemes have been implemented in accordance with the applicable regulations and shareholders' resolutions passed in the general meeting of the Company, will be available for the shareholders at the ensuing AGM.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

WHISTLEBLOWER / VIGIL MECHANISM

In compliance with the provisions of section 177(9) of the Act, read with the Companies (Meetings of Board and its Powers) Rules, 2014 and regulation 22 of the SEBI Listing Regulations, the Company has established a whistleblower / vigil mechanism which inter alia facilitates its employees to report genuine concerns. The mechanism provides for adequate safeguards against victimisation of persons using the mechanism and makes provision for direct access to the Chairman of the

Audit Committee in appropriate or exceptional cases. The policy is available on the Company's website at <http://www.cholafhl.com/article/investors/34>.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

SECRETARIAL AUDIT

Pursuant to the provisions of section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and regulation 24A of the SEBI Listing Regulations and the rules made thereunder, the Board appointed M/s. Srinidhi Sridharan & Associates, Practicing Company Secretaries, to conduct the secretarial audit for the year ended March 31, 2022. The Report issued by the secretarial auditor in the prescribed form MR-3 is annexed to this Report as **Annexure V**.

The secretarial audit report does not contain any qualification, reservation or adverse remark by the secretarial auditor.

In terms of regulation 24A of the SEBI Listing Regulations, the secretarial audit report of the Company's material subsidiary, Cholamandalam MS General Insurance Company Limited, for the year ended March 31, 2022 is annexed to this Report as **Annexure VI**.

COST RECORD AND COST AUDIT

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

ANNUAL RETURN

Pursuant to the provisions of section 92(3) and section 134(3)(a) of the Companies Act, 2013, the annual return for the year ended March 31, 2022 is available on the Company's website at <http://www.cholafhl.com/article/subsidyfinancials/400>.

COMPLIANCE WITH SECRETARIAL STANDARDS

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

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, affecting the financial position of the Company which have occurred between March 31, 2022 and the date of this Report.

BUSINESS RESPONSIBILITY REPORT

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

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

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, 2022, 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, 2022

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, 2022;
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, 2022.

DECLARATIONS / AFFIRMATIONS

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

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

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

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

ACKNOWLEDGMENT

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

On behalf of the Board

M M Murugappan

Chairman

Place : Chennai

Date : May 11, 2022

DIN:00170478

Form AOC – 1**ANNEXURE I**

(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 Limited (CIFCL)	Cholamandalam Securities Limited	Cholamandalam Home Finance Limited	Cholamandalam MS General Insurance Company Limited
		Subsidiaries of CIFCL			
1	Reporting period of the subsidiary	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-22
2	Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not applicable	Not applicable	Not applicable	Not applicable
3	Share capital	164.28	22.50	42.40	298.81
4	Reserves & surplus	11,543.40	30.62	19.83	1,598.46
5	Total assets	82,363.35	110.96	68.79	15,380.78
6	Total Liabilities	70,655.67	57.84	6.56	13,483.51
7	Investments	2,076.16	18.50	14.42	11,355.85
8	Turnover	10,138.77	40.01	56.37	6,033.29
9	Profit / (Loss) Before Tax	2,890.94	7.48	9.19	139.36
10	Provision for taxation	744.23	2.09	2.40	37.39
11	Profit / (Loss) After Tax	2,146.71	5.39	6.79	101.97
12	Proposed Dividend	35%	Nil	Nil	Nil
13	% of shareholding	45.41%	100.00%	100.00%	60.00%

Notes:

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

Part B - Associates and Joint Ventures

(₹ in Crore)

SN.	Particulars / Name of the Associate / Joint Venture (JV) Company	Cholamandalam MS Risk Services Limited	White Data Systems Private Limited	Vishvakarma Payments Private Limited	Paytail Commerce Private Limited	Payswiff Technologies Private Limited
		JV Company	Associates of CIFCL			JV Company of CIFCL [§]
		Audited	-	-	-	-
1	Latest Audited Balance Sheet Date			31-Mar-22		
2	Share of Associate / Joint Venture held by the Company on the year end					
	No. of Shares	989979	1275917	2100	27482	2773227
	Amount of Investment (₹ in Cr)	0.99	8.00	0.0021	9.75	450.01
	Extent of Holding (%)	49.50%	30.87%	21.00%	16.25%	73.84%
3	Description of how there is significant influence	By way of shareholding	By way of shareholding	By way of shareholding	By way of shareholding and rights in share holding agreement	By way of shareholding and rights in share holding agreement
4	Reason why the Associate / Joint Venture is not consolidated	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
5	Net worth attributable to shareholding as per latest audited Balance Sheet (₹ in Cr)	31.11	10.48	0.01	1.29	27.14
6	Profit / (Loss) for the year (₹ in Cr)	5.32	0.36	0 *	(5.11)	(33.78)
	i. Considered in Consolidation	2.63	0.11	0 *	(0.74)	(4.42)
	ii. Not Considered in Consolidation	2.69	0.25	0 *	(4.37)	(29.36)

* Amount involved is less than ₹50,000

§ Treated as a JV Company under Ind-AS

Notes:

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

For and behalf of the Board

Sridharan Rangarajan
Director
DIN:01814413

M M Murugappan
Chairman
DIN:00170478

Place : Chennai
Date : May 11, 2022

E Krithika
Company Secretary

N Ganesh
Manger & Chief Financial Officer

Report on Corporate Governance

ANNEXURE II

Corporate Governance is about transparency, accountability and reliability of any organisation. It is also about how an organization is managed and defines the relationships between its corporate and business structure, its culture, policies and various stakeholders. Key elements in corporate governance are transparency, internal controls, risk management and internal / external communications.

CORPORATE GOVERNANCE PHILOSOPHY

Cholamandalam Financial Holdings Limited ('CFHL') being a part of the Murugappa Group, has always believed in and practiced various elements of corporate governance. The Company is committed to the highest standards of corporate governance in all its spheres of activities and processes. The Board recognizes that the governance expectations are constantly evolving and it is committed in keeping its standards of corporate governance under review to meet both letter and spirit of the law and its own demanding levels of business ethics.

The Company believes that sound corporate governance practices are crucial to the smooth, effective and transparent operations of a Company. Everything the Company does is defined and conditioned by the highest standards of governance, which serve its values. CFHL is committed to uphold the core values of integrity, passion, responsibility, quality and respect in dealing with all stakeholders of the Company in pursuing its spirit of enhancing corporate governance at all times.

The Company firmly believes in and follows the Arthashastra quote: "The fundamental principle of economic activity is that, no man you transact will lose, then you shall not". The corporate governance philosophy of CFHL is driven by the following fundamental principles:

- Adhere to corporate governance standards beyond the letter of law;
- Maintain transparency and high degree of disclosure levels;
- Maintain a clear distinction between the personal and corporate interest;
- Have a transparent corporate structure driven by business;
- Ensure compliance with applicable laws.

BOARD OF DIRECTORS

The Board of Directors' primary responsibility is to foster the Company's short and long-term success through

sustainable continuance and progress of its business, and thereby create value for its stakeholders. The role of the Board includes responsibilities to oversee the conduct of the Company's business and to supervise and support the management which is responsible for the day-to-day operations.

The Company's Board comprises of eminent professionals from diverse areas viz., banking and financial services, manufacturing, technology and general management. The 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 to ensure proper governance and management. The composition of the Board is in compliance with the provisions of section 149 of the Companies Act, 2013 ('the Act') and regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the SEBI Listing Regulations'). CFHL's Board consists of six directors comprising three independent directors (including one woman independent director) and three non-independent directors as on March 31, 2022. Mr. M M Murugappan, Promoter, Non-Executive Director is the Chairman of the Company. The directors are elected based on their qualification and expertise in varied fields as well as industry in which the Company operates. All directors meet the fit and proper criteria stipulated under the Master Directions - Core Investment Companies (Reserve Bank) Directions, 2016.

During the year Mr. Ashok Kumar Barat, Non-Executive Independent Director resigned from the Board on December 21, 2021. The disclosure relating to his resignation is available on the Company's website at <https://cholafhl.com/docs/ResgnBaratbse.pdf>. The Company has received a confirmation from Mr. Barat that there are no other material reasons for his resignation. Pursuant to the recommendation of the Nomination & Remuneration Committee, the Board appointed Mr. K Balasubramanian as an additional director in the category of an independent director with effect from March 17, 2022.

The size of the Board is commensurate with the size and business of the Company. 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.

Independent Directors

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

In terms of the provisions of schedule IV of the Act and regulation 25(3) of the SEBI Listing Regulations, during the year a meeting of the independent directors was held on March 17, 2022 without the presence of non-independent directors and members of the management. The meeting was attended by all the independent directors. At the meeting, the independent directors had discussions inter-alia for: a) evaluation of the performance of non-independent directors and the Board of Directors as a whole; b) evaluation of the performance of the Chairman of the Company taking into consideration the views of all directors; c) evaluation of the quality, content and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Board Procedure

The Board meets at regular intervals to discharge its duties. 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. A minimum of four Board meetings are held each year. Meetings of the Committees are also planned and scheduled along with the Board meetings. Review and approval of financial statements of the company, review of business performance 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. In case of matters that require urgent decisions, approval of the Board / Committee is sought by means of resolutions passed by circulation, as permitted by law, which is noted in the subsequent meeting.

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. The agenda for the meetings together with the relevant annexures are circulated in advance to enable the Board to take informed decisions. Periodic presentations are made at the Board and Committee meetings on performance updates of the Company as well as its subsidiaries. Information as required under regulation 17(7) of the SEBI Listing Regulations is submitted to the Board on a quarterly basis. Besides the senior management of the Company, subsidiary heads are invited to the Board / Committee meetings to present business perspective and risk management framework of the subsidiary companies on a need basis.

Meetings and Attendance

Five meetings of the Board were held during the year ended March 31, 2022 on the following dates: May 14, 2021, August 4, 2021, November 2, 2021, February 11, 2022 and March 17, 2022. Maximum gap between two Board meetings did not exceed one hundred and twenty days during the year.

The meetings of the Board and Committees are usually held at the Company's registered office in Chennai. The Act read with the rules made there under, facilitates the participation of a director in board / committee meetings through video conferencing or other audio visual means. Accordingly, in view of the travel restrictions and health hazards due to COVID-19, the Company adopted a hybrid calendar during the year with some meetings held in person and some meetings held through video conferencing ('VC') mode.

The attendance (including attendance through VC) of each director at the Board meetings held during the year ended March 31, 2022 and at the 72nd Annual General Meeting ('AGM') held on August 4, 2021 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 72 nd AGM
1.	Mr. M M Murugappan	5(5)	Present
2.	Mr. Ashok Kumar Barat [®]	3(3)	Present
3.	Mr. B Ramaratnam	5(5)	Present
4.	Mrs. Vasudha Sundararaman	5(5)	Present
5.	Mr. Vellayan Subbiah	5(5)	Present
6.	Mr. Sridharan Rangarajan	5(5)	Present
7.	Mr. K Balasubramanian [§]	1(1)	NA

[®] Resigned on December 21, 2021

[§] Appointed as Additional Director w.e.f. March 17, 2022

Directorships and Committee memberships of directors

(i) Details of number of directorships and committee positions held by the directors and their shareholding in CFHL as on March 31, 2022 are given in the table below:

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

NED: Non-Executive Director, ID: Independent Director

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

² includes only memberships in Audit Committee and Stakeholders Relationship Committee

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

(ii) Details of directorships held by the Board members in other listed entities as on March 31, 2022 are given in the table below:

SN.	Name of the Director	Category of directorship	Listed Entity
1	Mr. M M Murugappan	Chairman / NED	Carborundum Universal Limited
		Chairman / NED	Cholamandalam MS General Insurance Company Limited ¹ .
		Chairman / NED	Cyient Limited
2	Mr. B Ramaratnam	NED / ID	Redington (India) Limited
3	Mrs. Vasudha Sundararaman	NED / ID	-
4	Mr. K Balasubramanian	NED / ID	-
5	Mr. Vellayan Subbiah	NED / ID ² .	SRF Limited
		Chairman / NED	Cholamandalam Investment and Finance Company Limited
		Chairman / NED	CG Power and Industrial Solutions Limited
6	Mr. Sridharan Rangarajan	Managing Director ³ .	Tube Investments of India Limited
		NED	E.I.D.- Parry (India) Limited
		WTD (Finance & Strategy)	Carborundum Universal Limited
		NED	Cholamandalam MS General Insurance Company Limited ¹ .

NED: Non-Executive Director, ID: Independent Director, WTD: Whole-Time Director

¹ The entity is debt listed

² Resigned as ID on May 9, 2022. Appointed as Additional Director in the category of Non-Independent Director w.e.f. May 10, 2022

³ Appointed as the Executive Vice-Chairman (WTD) w.e.f. April 1, 2022

Core 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. All of these skills / expertise / competencies are currently available with the Board.

The names of directors who have such skills / expertise / competence are given below:

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

Training and Induction

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

A formal letter of appointment is given to independent directors at the time of appointment which sets out 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>.

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

Performance Evaluation

Pursuant to the provisions of section 134 read with the rules made thereunder, schedule IV of the Act and the SEBI Listing Regulations, the Board carried out an annual evaluation of its own performance, its Committees and

individual directors. The evaluation was carried out through an online module using structured assessment forms. The assessment questionnaires cover various parameters. The parameters for Board evaluation inter alia include Board's structure, governance, dynamics & functioning and financial reporting process. The criteria for assessment of individual directors include attendance, effective participation at the meetings and familiarity with the Company's business and policies and the criteria for assessment of Board Committees include frequency of the meetings and effective functioning of the Committee.

The performance evaluation of self / peer was carried out by the Board based on the feedback received from individual directors. The Board carried out the Committee evaluation based on feedback received from the respective Committee members. The performance evaluation of Board as a whole, non-independent directors and the Chairman were carried out by the independent directors at their separate meeting.

COMMITTEES OF THE BOARD

Various Committees have been constituted by the Board in terms of regulatory requirements and to oversee operational / strategic matters thereby supporting the Board in discharging its duties efficiently. The Committees of the Board are Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee. The Board at the time of constitution of committees approves the terms of reference of each committee. Minutes of the meetings of the Committees are circulated to the Board for noting. Recommendations of the Committees on various matters are placed before the Board for approval.

Audit Committee

The Audit Committee has been constituted in terms of section 177 of the Act, regulation 18 of the SEBI Listing Regulations and the Master Directions of RBI.

Brief terms of reference

- Oversee the Company's financial reporting process and disclosure of its financial information;
- Review financial statements and auditors' report before submission to the Board;
- Recommend appointment, remuneration and terms of appointment of auditors of the company;

- Approve related party transactions and subsequent material modifications to related party transactions;
- Scrutiny of inter-corporate loans and investments;
- Evaluate internal financial controls and risk management systems;
- Review and monitor the auditor's independence and performance and effectiveness of audit process;
- Review internal audit scope / plan and findings;
- Approve the appointment of Chief Financial Officer (or any other person heading the finance function or discharging that function) after assessing the qualifications, experience, background etc., of the candidate;
- Review functioning of whistle blower mechanism and oversee the vigil mechanism of the Company;
- Review compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- Review utilization of loans and/ or advances from/ investment in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

Composition

As on March 31, 2022 the Committee comprised of four members viz., Mr. B Ramaratnam (Chairman), Mrs. Vasudha Sundararaman, Mr. Sridharan Rangarajan and Mr. K Balasubramanian. During the year Mr. Ashok Kumar Barat resigned from the Board and consequently ceased to be a member of the Committee with effect from December 21, 2021. The Board inducted Mr. Balasubramanian as a committee member effective March 17, 2022. All members of the audit committee are financially literate and have knowledge of financial management and accounts. The Chairman of the audit committee attends the AGM of the Company. The Company Secretary is the secretary of the audit committee. In order to acquaint the members of the Audit Committee of their roles and responsibilities, a hand book on Audit Committee is provided to members at the time of induction.

Meetings and Attendance

The Committee met six times during the year ended March 31, 2022. The statutory auditor and internal auditor are invited to attend quarterly meetings of the Committee. The Manager & Chief Financial Officer is invited to attend all meetings of the Audit Committee. During the year the independent directors who are members of the Audit Committee had two meetings

with the representatives of the statutory auditors without any executives of the Company on May 14, 2021 and February 11, 2022.

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

Name of the Member	Category of directorship	No. of meetings attended (No. of meetings held during their tenure)
Mr. B Ramaratnam (Chairman)	NED / ID	6(6)
Mr. Ashok Kumar Barat [®]	NED / ID	4(4)
Mrs. Vasudha Sundararaman	NED / ID	6(6)
Mr. Sridharan Rangarajan	NED	6(6)
Mr. K Balasubramanian [§]	NED / ID	-

NED: Non-Executive Director, ID : Independent Director

[®] Ceased to be a member w.e.f. December 21, 2021

[§] Appointed as a member w.e.f. March 17, 2022

Nomination & Remuneration Committee

The Nomination & Remuneration Committee has been constituted in terms of section 178 of the Act, regulation 19 of the SEBI Listing Regulations and the Master Directions of RBI.

Brief terms of reference

- Formulate the 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;
- Formulate the criteria for evaluation of performance of independent directors and the Board;
- Identify persons who are qualified to become directors, recommend to the Board any new appointments including re-appointments and the tenure of office and their removal;
- Determine the manner for effective evaluation of Board performance, its committees and individual directors and review its implementation and compliance;
- Devise a policy on Board diversity;
- Recommend to the Board the remuneration including commission payable to non-executive directors subject to the statutory limits;
- Recommend to the Board all remuneration, in whatever form, payable to the senior management;
- Implement, administer and monitor the Employee Stock Option Plan / Schemes of the Company.

Composition

As on March 31, 2022 the Committee comprised of three members viz., Mrs. Vasudha Sundararaman

(Chairperson), Mr. M M Murugappan and Mr. K Balasubramanian. During the year Mr. Ashok Kumar Barat resigned from the Board and consequently ceased to be the Chairman and member of the Committee with effect from December 21, 2021. The Committee elected Mrs. Vasudha Sundararaman as the Chairperson effective March 17, 2022. The Board inducted Mr. Balasubramanian as a member of the Committee with effect from March 17, 2022.

Meetings and Attendance

The Committee met thrice during the year ended March 31, 2022. The attendance (including attendance through VC) of each member at the Committee meetings held during the year is given in the table below:

Name of the Member	Category of directorship	No. of meetings attended (No. of meetings held during their tenure)
Mrs. Vasudha Sundararaman (Chairperson)	NED / ID	3(3)
Mr. Ashok Kumar Barat [®]	NED / ID	2(2)
Mr. M M Murugappan	NED	3(3)
Mr. K Balasubramanian [§]	NED / ID	-

NED: Non-Executive Director, ID : Independent Director

[®] Ceased to be the Chairman and member w.e.f. December 21, 2021

[§] Appointed as a member w.e.f. March 17, 2022

Remuneration to Directors

The success of any organisation in achieving good performance and governance depends on its ability to attract quality individuals as executive and independent directors. The compensation to the non-executive directors takes the form of commission on profits paid in proportion to their tenure on Board. Though the shareholders have approved payment of commission up to one per cent of the net profits of the Company for each year calculated as per the provisions of the Companies Act, 2013, the actual commission paid to the directors will be restricted to a fixed sum. The sum is reviewed periodically taking into consideration various factors such as performance of the Company, time devoted by the directors in attending to the affairs and business of the Company and the extent of responsibilities cast on the directors under various laws and other relevant factors. Subject to availability of adequate profits, the commission payable to each non-executive director has been fixed at ₹7,50,000/- each proportionate to the period of office of directorship held by them. The non-executive directors are also paid sitting fees subject to the statutory ceiling for all Board and Committee

meetings attended by them. Directors are paid sitting fee of ₹50,000/- each for attending every meeting of the Board and Audit Committee and ₹30,000/- each for every meeting of other committees of the Board.

Details of commission payable / sitting fees paid to non-executive directors for the year ended March 31, 2022 are given in the table below:

(in ₹)

Name of the Director	Commission*	Sitting Fees	Total
Mr. M M Murugappan	7,50,000	4,90,000	12,40,000
Mr. Ashok Kumar Barat [®]	5,44,521	4,10,000	9,54,521
Mr. B Ramaratnam	7,50,000	7,00,000	14,50,000
Mrs. Vasudha Sundararaman	7,50,000	6,40,000	13,90,000
Mr. Vellayan Subbiah	7,50,000	2,50,000	10,00,000
Mr. Sridharan Rangarajan	7,50,000	7,00,000	14,50,000
Mr. K Balasubramanian [§]	30,822	50,000	80,822
Total	43,25,343	32,40,000	75,65,343

* Commission subject to deduction of tax, would be paid after adoption of accounts by shareholders at the 73rd AGM

[§] Pro-rata commission based on the tenure of directors on the Board

Policy - Board Diversity, Board Nominations and Remuneration

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

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

The above policies are available on the Company's website at <http://www.cholafhl.com/article/investors/600>.

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

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

ensures that the appointee fulfills the 'fit and proper' criteria for 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.

Stakeholders Relationship Committee

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

Brief terms of reference

- Approve transfer and transmission of shares / debentures, splitting and consolidation of shares / debentures / warrants certificates, transposition of names of holders and issue of renewed and duplicate share / debenture / warrant certificates;
- Formulate shareholders servicing plans and policies in line with Corporate Governance plans and develop the standards therefor;
- Consider and resolve grievances of security holders of the Company;
- Monitor and review the mechanism of share transfers, dividend payments, dematerialisation process, sub-divisions, consolidations, issue of duplicate certificates etc., and to determine and set standards for processing of the same;
- Review adherence to the service standards in respect of various services rendered by the Registrar & Share Transfer Agent;
- Review share transfers to the Investors Education and Protection Fund and the related matters including processing claims of shareholders from IEPF account and unclaimed suspense account of the Company.

Composition

As on March 31, 2022, the Committee comprised of three members viz., Mr. M M Murugappan (Chairman), Mr. B Ramaratnam and Mr. Sridharan Rangarajan. Mrs. E Krithika, Company Secretary is the Compliance Officer.

Meetings and Attendance

Two meetings of the Committee were held during the year ended March 31, 2022. The attendance (including attendance through VC) of each member at the committee meetings held during the year is given in the table below:

Name of the Member	Category of the directorship	No. of meetings attended (No. of meetings held during their tenure)
Mr. M M Murugappan (Chairman)	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 SEBI Listing Regulations and Master Directions of RBI.

Brief terms of reference

- Formulate a detailed risk management policy for the Company;
- Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- Review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- Review the process for systematic identification and assessment of the business risks including cyber security.

Composition

As on March 31, 2022 the Committee comprised of four members viz., Mr. M M Murugappan (Chairman), Mr. B Ramaratnam, Mr. Sridharan Rangarajan and Mr. N Ganesh (Manager & Chief Financial Officer).

Meetings and Attendance

The Committee met thrice during the year ended March 31, 2022. The attendance (including attendance through VC) of each member at the committee meetings held during the year is given in the following table:

Name of the Member	Category of directorship / Designation	No. of meetings attended (no. of meetings held during their tenure)
Mr. M M Murugappan (Chairman)	NED	3(3)
Mr. B Ramaratnam	NED / ID	3(3)
Mr. Sridharan Rangarajan	NED	3(3)
Mr. N Ganesh	Manager & Chief Financial Officer	3(3)

In terms of the Master Directions of RBI, the Board constituted an Asset Liability Management Committee ('ALCO'). The role of ALCO includes: a) analysis and monitor the liquidity risk profile of the Company; b) decision on maturity profile and mix of incremental assets and liabilities; c) management of liquidity risks and oversee liquidity position of the Company; d) implementation of liquidity risk management strategy. Mr. Sridharan Rangarajan (Head), Mr. N Ganesh, Manager & CFO and Mrs. E Krithika, Company Secretary are members of the Committee.

SUBSIDIARY COMPANIES

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

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

RELATED PARTY TRANSACTIONS

All transactions which were entered into with related parties during the year were in the ordinary course of business and on arm's length basis. In terms of section 177 of the Act and regulation 23 of the SEBI Listing Regulations, the Audit Committee reviews transactions with related parties every quarter. During the year under review 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 applicable

accounting standards is given in Note 23 and Note 40 of the standalone and consolidated financial statements respectively.

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

CRITERIA FOR APPOINTMENT IN SENIOR MANAGEMENT

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

SUCCESSION PLANNING

The Company has a mechanism in place for ensuring orderly succession for appointments to the Board and to senior management positions.

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 regulatory communications are intimated in electronic mode through web portals of stock exchanges for dissemination of such information to the public at large.

The Company sends annual report, intimation of dividend payment, notices for general meetings and postal ballot by e-mail to those shareholders whose e-mail addresses are registered with the Company / Depository Participants and in hard copies to those shareholders whose e-mail addresses are not registered. In view of the continuing COVID-19 pandemic and as permitted by the Ministry of

Corporate Affairs and the Securities and Exchange Board of India ('SEBI'), the Annual Report for FY 21-22 and the notice for 73rd AGM is being sent by the Company in electronic form to the registered e-mail addresses of the shareholders. Shareholders who have not registered their e-mail address, may refer the procedure provided in the notice for 73rd AGM of the Company, to obtain the aforesaid documents.

INVESTOR SERVICE

The Company attends to investors' queries / grievances in a timely manner and valid requests for share transfers and transmissions are processed within the regulatory time frame. KFin Technologies 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 dematerialization / rematerialisation are processed by KFin at periodical cycles. During the year, one investor complaint was received and the complaint was resolved to the investor's satisfaction. No complaint was pending as at March 31, 2022. In order to expedite the redressal of complaints, investors are requested to register their complaints to the exclusive e-mail address: investorservices@cfhl.murugappa.com for monitoring follow up action taken.

Further, the investor complaints are processed in a centralized web-based complaints redress system of SEBI (SCORES). The salient features of this system are: centralized database of all complaints, online upload of Action Taken Report (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

STATUTORY COMPLIANCE

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

INTERNAL CONTROLS

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

DISCLOSURES REGARDING COMMODITY PRICE RISK AND HEDGING ACTIVITIES

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

WHISTLEBLOWER / VIGIL MECHANISM

The Company has established a whistleblower / vigil mechanism for the employees and the directors as an avenue to voice concerns relating to unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Ombudsperson appointed by the Board deals with the complaints received and ensures appropriate action. Report from Ombudsperson is placed before the Audit Committee every quarter. The mechanism also provides for adequate safeguards against victimisation of persons using the mechanism and provides direct access to the chairperson of the Audit Committee in exceptional cases. During the year, no personnel have been denied access to the Audit Committee.

DIVIDEND DISTRIBUTION POLICY

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

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

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part, for the year ended March 31, 2022 is furnished in the table below:

(₹ in Crore)

Particulars	Amount
Fees for audit and related services paid to M/s. Sharp & Tannan Associates and its Affiliates firms and to entities of the network of which the statutory auditor is a part	0.521
Other fees paid to M/s Sharp & Tannan Associates & Affiliates firms and to entities of the network of which the statutory auditor is a part	-
Total	0.521

CODE OF CONDUCT

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

The directors and the senior management personnel have furnished affirmation of compliance with the code for the year ended March 31, 2022. 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>.

COMPLIANCE WITH CORPORATE GOVERNANCE NORMS

The Company has complied with all mandatory requirements of corporate governance norms as specified under the SEBI Listing Regulations. The requirements stipulated in regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 of the SEBI Listing Regulations to the extent applicable to the Company have been complied with. The Company is compliant with the following discretionary requirements as prescribed in Schedule II Part E of the SEBI Listing Regulations: a) the Company does not have a CEO / MD. Hence the requirement of separate posts of Chairman and CEO/MD does not arise b) the Company's financial statements for the year 2021-22 are with unmodified audit opinion c) the Internal Auditor directly reports to the Audit Committee.

CERTIFICATE ON CORPORATE GOVERNANCE

M/s. Srinidhi Sridharan & Associates, Practicing Company Secretaries, have issued a certificate regarding

compliance with the provisions relating to corporate governance as per Chapter IV of the SEBI Listing Regulations. The certificate is annexed to this report.

CERTIFICATE ON DIRECTOR'S DISQUALIFICATION

Pursuant to regulation 34(3) and Schedule V Para C clause 10 (i) of the SEBI Listing Regulations, M/s. Srinidhi Sridharan & Associates, Practicing Company Secretaries, have issued a certificate that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of the Company, by the Securities and Exchange Board of India, the Ministry of Corporate Affairs or any such statutory authority. The certificate is annexed to this report.

OTHER DISCLOSURES

A Management Discussion and Analysis Report highlighting the performance of individual businesses forms part of the Board's Report. The Company has complied with all regulatory requirements. The Company has followed relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time while preparing the financial statements. There were no instances of non-compliance by the Company nor were there any penalties or strictures imposed on the Company by the stock exchanges, Securities and Exchange Board of India or any statutory authority on any matter related to capital markets in the preceding three years. The Company has not raised any funds through preferential allotment or qualified institutional placement during FY 22. There was no instance of non-acceptance by the Board of any recommendations of its Committees during the year. The Company has not granted loans and advances to firms/companies in which directors are interested during the year ended March 31, 2022.

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

M M Murugappan

Chairman

Place : Chennai

Date : May 11, 2022

DIN:00170478

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, 2022, as envisaged in regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place : Chennai
Date : May 11, 2022

N Ganesh
Manager & Chief Financial Officer

Certificate on 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
CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED
Dare House, No.234, N S C Bose Road,
Chennai - 600001

We have examined all relevant records of **Cholamandalam Financial Holdings Limited, (CIN: L65100TN1949PLC002905)** having its Registered Office at Dare House, No.234, N S C Bose Road, Chennai-600001, for the purpose of certifying compliance of the conditions of Corporate Governance under Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2022. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate

Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and on the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied regarding the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended for the financial year ended March 31, 2022.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy 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
PR NO: 655/2020

Place : Chennai
Date : May 11, 2022

UIN: S2017TN472300
UDIN: A047244D000301157

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

**The Members,
CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED**

CIN: L65100TN1949PLC002905
Dare House, No. 234, N S C Bose Road,
Chennai- 600001

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

In our opinion and to the best of our knowledge and according to the verifications (including Director Identification Number (DIN) Status at the portal www.mca.gov.in) 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 2022 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.	01814413	Sridharan Rangarajan	Non-Executive - Non-Independent Director	30/08/2018
3.	07525213	B Ramaratnam	Non-Executive - Independent Director	18/03/2019
4.	06609400	Vasudha Sundararaman	Non-Executive - Independent Director	12/02/2020
5.	01138759	Vellayan Subbiah	Non-Executive - Non-Independent Director	11/11/2020
6.	00137260	K Balasubramanian	Non-Executive - Independent Director-Additional Director	17/03/2022

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
PR NO: 655/2020
UIN: S2017TN472300
UDIN: A047244D000300961

Place : Chennai
Date : May 11, 2022

Annexure to the Report on Corporate Governance

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 10, 2022

Time : 3.30 pm IST

Mode : Through Video Conferencing ('VC'). Pursuant to the General Circulars 2/2022 and 19/2021 read with other relevant circulars issued by the Ministry of Corporate Affairs ('MCA') and Circular SEBI/HO/CFD/CMD2/CIR/P/2022/62 issued by the SEBI, the 73rd AGM of the Company will be held through video-conferencing. Detailed instructions for participation and voting during the AGM is available in the Notice.

FINANCIAL YEAR: April 1 to March 31

TENTATIVE CALENDAR FOR FY 2022-23

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

Un-audited financial results for the quarter ending 30 th June, 2022	August 2022
Un-audited financial results for the quarter/ half year ending 30 th September, 2022	November 2022
Un-audited financial results for the quarter ending 31 st December, 2022	February 2023
Audited financial results for the quarter/year ending 31 st March, 2023	May 2023
74 th Annual General Meeting	August/ September 2023

DATES OF BOOK CLOSURE

Thursday, August 4, 2022 to Wednesday, August 10, 2022 (both days inclusive)

DIVIDEND PAYMENT DATE

The Board of Directors have recommended a dividend at the rate of 55% being ₹0.55 per equity share of face

value of ₹1/- each for FY 22. The dividend will be paid on or before September 8, 2022, upon approval by the shareholders at the 73rd AGM.

LISTING ON STOCK EXCHANGES

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

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

Annual listing fee for FY 23 has been paid to the above Stock Exchanges.

REGISTRAR AND SHARE TRANSFER AGENT

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

Contact details of RTA

KFin Technologies Limited
Selenium Building, Tower - B, Plot No.31 & 32,
Financial District, Nanakramguda, Gachibowli,
Hyderabad - 500 032
Phone: 040-67162222; Fax: 040 - 23420814
Toll free: 1800-309-4001
E-mail: einward.ris@kfintech.com
Website: <https://www.kfintech.com/>
Contact person: Mr. Rajkumar Kale, AVP - Corporate Registry

DEBT SECURITIES

During FY 22 the Company redeemed Non Convertible Debentures ('NCDs') aggregating to ₹50 Crore and the outstanding NCDs as on March 31, 2022 was ₹100 Crore. The NCDs are listed in the Wholesale Debt Market ('WDM') segment of NSE.

CREDIT RATING

During the year, the credit rating agency, India Ratings and Research Private Limited has affirmed a rating of IND AA+/Stable for the debt instruments of the Company.

DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited, a SEBI registered Trust Management Company, is the agent and trustee for and on behalf of the debenture holders.

Contact details of the Debenture Trustee:

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

UNCLAIMED DIVIDEND

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

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

Financial year to which the dividend relates	Date of Declaration	Due date of transfer to IEPF
2014-15	Final	10.08.2015
2015-16	Interim	04.02.2016
	Final	08.08.2016
2016-17	Interim	06.02.2017
2017-18	Interim	05.02.2018
	Final	31.07.2018
2018-19	Interim	04.02.2019
	Final	01.08.2019
2019-20	Interim	26.02.2020
2020-21	Final	04.08.2021

The Company sends periodic intimation to the shareholders concerned, advising them to claim unpaid dividend from the Company. The Company also publishes notices in newspaper informing the members the due date for transfer of dividend and shares to the IEPF Authority. Dividends upto interim dividend for FY 2014-15 has been transferred to the IEPF Authority. 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, 2021 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.

TRANSFER OF SHARES TO THE IEPF

During the year pursuant to the IEPF Rules 29,720 equity shares of ₹1/- each pertaining to 42 shareholders were transferred to the demat account of the IEPF. Members / claimants may claim their shares and dividend transferred to the IEPF including benefits accruing on such shares, if any, by following the procedure for refund as detailed on the website of IEPF at www.iepf.gov.in. Details of the nodal officer of the Company for the purpose of IEPF is available on the Company's website. During the year, seven claims aggregating to 10,200 shares were processed by the IEPF Authority and credited to the demat account of the claimants. 8,09,516 equity shares of the Company were lying in the demat account of the IEPF as on March 31, 2022.

OTHER INFORMATION TO THE SHAREHOLDERS

(a) Share Transfer System

The Stakeholders Relationship Committee of the Board approves the share transfers and demat / remat requests in co-ordination with the Company's RTA. The shareholders' requests for share transfers and transmissions are approved and registered within prescribed timelines. The compliance with the share transfer / transmission formalities is audited by a Practicing Company Secretary (PCS) in terms of regulation 40(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the SEBI Listing Regulations') annually and a certificate to this effect is filed with the stock exchanges.

(b) Issue of securities in demat mode

As per SEBI circular no. SEBI/HO/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, all shareholders' requests for transfer, transmission, issue of duplicate securities certificate, claim from unclaimed suspense account, renewal / exchange of securities certificate, endorsement, sub-division / splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition of securities shall be effected in dematerialised form only. In view of this requirement members holding shares in physical form are requested to consider converting their holdings to dematerialised form at the earliest.

(c) Updation of KYC details

SEBI vide circular no. SEBI/HO/MIRSDMIRSD_RTAMB/P/CIR/2021/655 dated November 3, 2021, has made it mandatory for holders of physical securities to furnish PAN, email address, mobile number, bank account details and to register their nomination. For this purpose, various forms as notified by SEBI are available at the Company's website at <http://www.cholafhl.com/investors/1028>. Members may note that the Company shall be constrained to freeze folios without PAN, KYC and nomination details on or after April 1, 2023. Members may send the duly filled forms along with requisite documents as mentioned in the respective forms to KFin at their correspondence address.

(d) Dividend Payment

Pursuant to amendment in the Finance Act, 2020, with effect from April 1, 2020, dividends declared by the Company will be taxed in the hands of the shareholders. Accordingly, dividend for FY 22 upon approval by the shareholders at the forthcoming AGM will be paid to the shareholders after deduction of tax at the applicable rate prescribed under the Income Tax Act, 1961. The shareholders are requested to update their PAN with the Company or KFin (in case of shares held in physical mode) and with depositories (in case of shares held in demat mode). In the absence of PAN, the Company would be required to deduct tax at a higher rate prescribed under the Income Tax Act, 1961. Hence, members who have not furnished their PAN to the Company, are requested to immediately submit

a copy of their PAN. Members seeking non - deduction of tax on their dividends may submit Form 15G / 15H as applicable to the Company on a yearly basis. The formats of Form 15G / Form 15H are available on the Company's website at <http://www.cholafhl.com/investors/983>. In case of any clarification in this regard, members may send a mail to the Company at investorservices@cfhl.murugappa.com

(e) Green Initiative

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

DETAILS OF SHAREHOLDERS' COMPLAINTS

During the year the Company received one investor complaint relating to delay in transfer of shares from unclaimed suspense account of the Company. The complaint was resolved to the satisfaction of the investor and no complaint was pending as at March 31, 2022.

NOMINATION FACILITY

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s).

Nomination facility in respect of shares held in electronic form is also available with the Depository Participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company's RTA. Nomination is optional and can be cancelled or varied by a shareholder at any time.

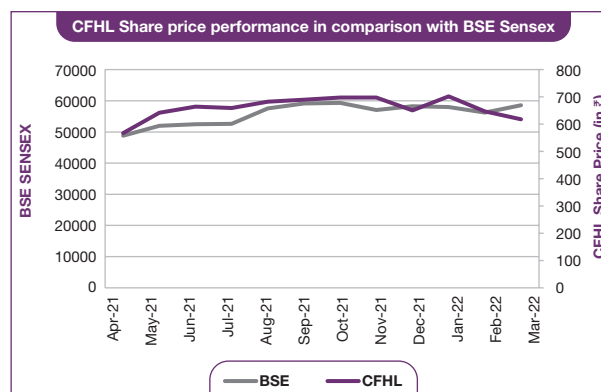
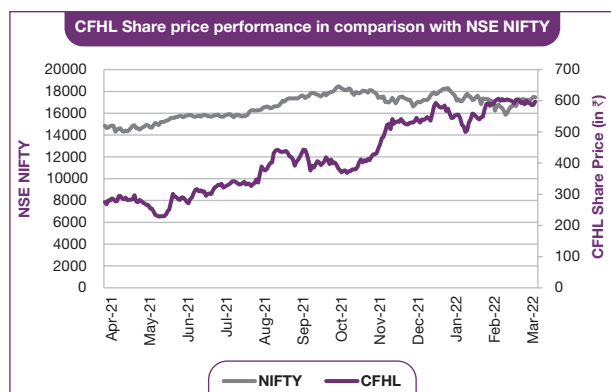
GDR DETAILS

23,460 Global Depository Receipts ('GDRs') were outstanding representing an equal number of underlying equity shares as at March 31, 2022. The GDRs stand delisted / withdrawn for trading from Luxembourg Stock Exchange, effective May 18, 2011.

SHARE PRICE DATA

Monthly high and low price of the Equity Shares of the Company during 2021-22 are as follows:

Month	National Stock Exchange of India Limited			BSE Limited		
	High (in ₹)	Low (in ₹)	Volume	High (in ₹)	Low (in ₹)	Volume
Apr-21	600.85	555.05	18,35,221	600.00	553.70	2,37,548
May-21	649.85	560.75	39,67,780	647.70	560.60	1,03,693
Jun-21	702.60	616.10	30,68,532	705.55	616.25	1,04,553
Jul-21	679.65	635.90	21,59,097	679.95	636.50	77,812
Aug-21	684.30	632.00	31,47,651	682.50	629.10	76,569
Sep-21	708.75	659.80	19,83,517	711.80	657.85	87,277
Oct-21	753.20	689.40	16,41,649	751.00	685.45	66,703
Nov-21	713.95	684.40	19,27,107	716.20	686.10	46,499
Dec-21	700.80	642.50	20,15,699	707.15	641.20	34,123
Jan-22	701.50	639.70	31,04,817	702.20	638.50	47,238
Feb-22	699.45	637.30	11,04,788	699.10	637.50	2,14,115
Mar-22	649.85	583.60	28,47,352	648.90	582.70	44,895



SHAREHOLDING PATTERN AS ON MARCH 31, 2022

Category	No. of Shares held	% of Shareholding
Promoter & Promoter Group	9,12,63,179	48.62
Mutual Funds and UTI	4,69,96,917	25.04
Banks, Financial Institutions, Insurance Companies	8,86,320	0.47
Foreign Institutional Investors	2,18,90,778	11.66
Bodies Corporate	28,19,773	1.50
Resident Individuals	1,71,37,413	9.13
NBFCs	11,600	0.01
Bank of New York Mellon (Depository for GDR holders)	23,460	0.01
NRI and Others	67,13,452	3.56
Grand Total	18,77,42,892	100.00

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2022

Category (Shares)	No. of Shareholders	% to Shareholders	No. of Shares	% to Equity
Upto 1 - 5000	21,708	96.71	81,99,620	4.37
5001 - 10000	284	1.27	20,69,113	1.10
10001 - 20000	149	0.66	21,44,778	1.14
20001 - 30000	54	0.24	12,95,760	0.69
30001 - 40000	35	0.16	12,19,162	0.65
40001 - 50000	18	0.08	8,05,350	0.43
50001 - 100000	42	0.19	28,99,058	1.54
100001 and above	157	0.70	16,91,10,051	90.08
Total	22,447	100.00	18,77,42,892	100.00

DEMATERIALIZATION OF SHARES

The equity shares of the Company are available for trading in dematerialised form. The Company's ISIN allotted by the National Securities Depository Ltd ('NSDL') and Central Depository Services (India) Ltd ('CDSL') is INE149A01033. Distribution of shareholding as at March 31, 2022 is given below:

Shareholding Mode	No. of Shareholders	% to Shareholders	No. of Shares	% to Equity
Physical	616	2.74	9,95,226	0.53
Demat/Electronic	21,831	97.26	18,67,47,666	99.47
Total	22,447	100.00	18,77,42,892	100.00

RECONCILIATION OF SHARE CAPITAL AUDIT

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

COMMODITY PRICE RISK / FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

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

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

Date of AGM	Whether any special Resolution was passed	Particulars
August 01, 2019	Yes	Approval of remuneration by way of commission to Non-Executive Directors
August 12, 2020	No	-
August 04, 2021	No	-

POSTAL BALLOT

The Board of Directors at their meeting held on March 17, 2022 approved the proposal for conducting postal ballot pursuant to section 110 of the Act for seeking approval of the members by way of special resolution for: i) appointment of Mr. K Balasubramanian as an Independent Director of the Company for a term of three (3) consecutive years with effect from March 17, 2022 till March 16, 2025 ii) alteration of the Articles of Association of the Company by adoption of a new set of Articles of Association in substitution, and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company. Mr. R Sridharan of M/s. R Sridharan & Associates, Practising Company Secretaries, was appointed as scrutinizer for conducting the postal ballot by way of remote e-voting process, in a fair and transparent manner. The voting period commenced from 9.00 am on Monday, April 18, 2022 and ends at 5.00 pm on Tuesday, May 17, 2022. Voting rights were reckoned in proportion to the paid-up equity shares registered in the name of the member as

on the cut-off date i.e. Friday, April 8, 2022. The results of the postal ballot shall be announced by the Chairman or any person authorised by him on or before Thursday, May 19, 2022. The voting results and the scrutiniser's report of the above postal ballots shall be made available on the Company's website at <http://www.cholafhl.com/postalballot>.

The postal ballot has been carried out in accordance with the provisions of sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder and read with the General Circular nos. 14/2020, 17/2020, 02/2021 and 21/2021 dated April 8, 2020, April 13, 2020, January 13, 2021 and December 14, 2021 respectively issued by the Ministry of Corporate Affairs. Further, at present, there is no business proposal which requires passing of a special 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
2018-19	August 01, 2019	3.00 PM	TTK Auditorium, The Music Academy, No.168 (old No.306), T T K Road, Chennai- 600 014
2019-20	August 12, 2020	3.30 PM	Held through Video Conferencing
2020-21	August 04, 2021	3.30 PM	Held through Video Conferencing

UNCLAIMED SHARES

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations, 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 01.04.2021	891	8,41,086
2	Shareholders who approached for transfer of their shares from the Unclaimed Suspense Account during the year	40	33,515
3	Shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	40	33,515
4	Shareholders whose shares were transferred to the demat account of the Investor Education & Protection Fund Authority during the year	42	29,720
5	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31.03.2022	767	7,77,851

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, 2022 shall remain frozen till the rightful owner of such share claims the shares. On receipt of the claim, the Company will, after verification, arrange to credit the equity shares to the demat account of the shareholder concerned or deliver the share certificate to the shareholder in physical mode after re-materialisation.

Contact details:

For assisting and handling investor grievances:

Mrs. E Krithika

Compliance Officer & Company Secretary

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

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

Phone : 044 - 4090 7638

Fax : 044 - 4211 0404

ANNEXURE III

Annual Report on Corporate Social Responsibility (CSR) Activities

1. Brief outline on CSR Policy of the Company:

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

The CSR policy of the Company inter alia provides for identification of CSR projects and programs, modalities of execution and monitoring process. The policy gives an overview of the projects or programs which would be undertaken by the Company from time to time. Key focus areas during the year were a) training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports b) promotion and development of traditional arts and handicrafts.

2. Composition of CSR Committee: Not Applicable

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

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

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

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

6. Average net profit of the company as per section 135(5): ₹281 Lakh

7. (a) Two percent of average net profit of the company as per section 135(5): ₹6 Lakh

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

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

(d) Total CSR obligation for the financial year (7a+7b- 7c): ₹6 Lakh

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

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

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

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

Nil

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

(1) SN.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Amount spent for the project (₹ in lakhs)	(7) Mode of Implementation - Direct (Yes/No)	(8) Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1	Training Blind Football Players	Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports	Yes	Kerala	Kochi	1.00	No	Society for Rehabilitation of the Visually Challenged	CSR00022025
2	Documentation of Adai Designs	Promotion and development of traditional arts and handicrafts	Yes	Tamilnadu	Chennai	5.00	No	Kalakshetra Foundation	CSR00005446

(d) Amount spent in Administrative Overheads: Nil**(e) Amount spent on Impact Assessment, if applicable: Nil****(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹6 Lakh****(g) Excess amount for set off, if any:**

SN.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	6 Lakh
(ii)	Total amount spent for the Financial Year	6 Lakh
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years[(iii)-(iv)]	Nil

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

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

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

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Nil**(a) Date of creation or acquisition of the capital asset(s): Not Applicable****(b) Amount of CSR spent for creation or acquisition of capital asset: Not Applicable**

- (c) **Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc:** Not Applicable
- (d) **Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):** Not Applicable
11. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):** Not Applicable

On behalf of the Board

Place : Chennai
Date : May 11, 2022

Sridharan Rangarajan
Director
DIN:01814413

M M Murugappan
Chairman
DIN:00170478

ANNEXURE IV**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 2021-22 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 (50)	Manager & Chief Financial Officer	94,91,505	B.Com, ACA (26 Years)	August 9, 2017	GMAC Financial Services India Limited
E Krithika (42)	Company Secretary	30,05,155	M.Com, ACS (16 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), subsidiary company. Remuneration of Mr. Ganesh represents the cost of deputation paid to CIFCL. Remuneration of Mrs. Krithika given above includes salary, allowances, company's contribution to provident fund and gratuity fund computed as per the Income Tax Act / Rules.
- None of the above employees are related to any director of the Company and hold any shares in the Company.
- None of the above employees are vested with stock options under the Company's Employee Stock Option Schemes.

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

Name of the Director	Designation	Ratio
Mr. M M Murugappan	Chairman / Non-Executive Director	0.20
Mr. Ashok Kumar Barat	Independent Director	0.22
Mr. B Ramaratnam	Independent Director	0.23
Mrs. Vasudha Sundararaman	Independent Director	0.22
Mr. K Balasubramanian	Independent Director	0.22
Mr. Vellayan Subbiah	Non-Executive Director	0.16
Mr. Sridharan Rangarajan	Non-Executive Director	0.23

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

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

Name of the Director	Designation	% increase / decrease
Mr. M M Murugappan	Chairman / Non-Executive Director	15.9
Mr. Ashok Kumar Barat	Independent Director	15.8
Mr. B Ramaratnam	Independent Director	23.9
Mrs. Vasudha Sundararaman	Independent Director	18.8
Mr. K Balasubramanian	Independent Director	Not applicable
Mr. Vellayan Subbiah	Non-Executive Director	25.0
Mr. Sridharan Rangarajan	Non-Executive Director	20.8

Notes:

- Remuneration of directors comprises of commission payable for FY 21-22 and the sitting fees paid during the year.
- Directors' remuneration have been annualized.
- Increase in remuneration during the year is on account of lower commission paid for FY 20-21.

4. *Mr. Ashok Kumar Barat resigned from the Board with effect from December 21, 2021.*
5. *Mr. K Balasubramanian has been appointed as a director with effect from March 17, 2022.*

Percentage increase in remuneration of Key Managerial Personnel:

Manager & CFO - 13.9%; Company Secretary - 27.2%

(iv) Percentage increase in median remuneration of employees in the financial year: 16.9%

(v) Number of permanent employees on the rolls of the Company as on 31.03.2022

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

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

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

(vii) Affirmation

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

On behalf of the Board

M M Murugappan
Chairman
DIN:00170478

Place : Chennai
Date : May 11, 2022

Secretarial Audit Report

for the financial year ended 31st March 2022

ANNEXURE V

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended]

The Members,

CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED

CIN: L65100TN1949PLC002905

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED** [CIN: L65100TN1949PLC002905] (hereinafter called "the Company") for the financial year ended 31st March 2022. 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 2022 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 2022 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 year under review);
 - d) The Employee Stock Option Plan, 2016 approved under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 & the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 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 & the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - 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; (Not applicable as the company is not registered as Registrar to an Issue and Share transfer Agent during the year under review);
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(Not applicable to the company during the year under review); and

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

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

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) (revised effective from October 1, 2017) and the guidance Note on Meetings of the Board of Directors and General Meetings (revised) 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. (hereinafter referred as "Listing Regulations")

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors, Woman Independent Director and Independent Directors. The company has appointed "Manager" pursuant to Sections

196 and 203 of the Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act, RBI and listing regulations.

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. Notes on agenda which are circulated less than the specified period, the necessary compliances under the Companies Act, 2013 and Secretarial Standards on Board Meetings are complied with.

During the year under review, directors have participated in the Board/Committee meetings through video conferencing, such meetings were properly convened and recorded in compliance with the provisions of Section 173 (2) of the Act read with Rule 3 & 4 of Companies (Meetings of Board and its Powers) Rules, 2014. Further, the Circulars, Regulations and Guidelines issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India and other relevant regulatory authorities in view of the pandemic pertaining to Board/ Committee meetings, General Meetings and other provisions of the Act, Rules and Regulations have been complied with by the Company.

Based on the verification of the records and minutes, the decisions were carried out with the consent of the Board of Directors / Committee Members and no Director / Members of the Committee dissented on the decisions taken at such Board / Committee Meetings. Further, in the minutes of the General Meeting, the number of votes cast 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 the Listing Regulations, as amended and circular No.CIR/CFD/CMD1/27/2019 dated 8th February, 2019 issued by the Securities and Exchange Board of India.

We further report that as per the information and explanations provided by the Management, the company does not have any Material Unlisted Subsidiary(ies) Incorporated in India pursuant to Regulation 16 (1) (c) and Regulation 24A of the Listing Regulations.

We further report that during the audit period, the Company had;

1. Partially redeemed unsecured redeemable non-convertible debentures amounting to ₹50 Crores out of ₹150 Crores.
2. Appointed M/s. Sharp & Tannan Associates, Chartered Accountants (Firm Registration No. 109983W), as the statutory Auditors of the Company, pursuant to RBI circular dated April 27, 2021 on Guidelines for appointment of statutory auditors of Banks and NBFCs ('the RBI guidelines'), and the preceding Auditor M/s. SR Batliboi & Associates

LLP, Chartered Accountants (Firm Registration No. 101049W/E300004) will be disentitled to continue as Statutory Auditor of the Company beyond September 30, 2021. Consequent to this, they have resigned as Statutory Auditors of the company and the resignation was effective upon signing the limited review reports for the quarter ended June 30, 2021.

For **SRINIDHI SRIDHARAN & ASSOCIATES**
Company Secretaries

CS SRINIDHI SRIDHARAN
CP No. 17990
ACS No. 47244
PR NO: 655/2020
UIN: S2017TN472300
UDIN: A047244D000300926

Place : Chennai
Date : May 11, 2022

This report is to be read with our letter of even date which is annexed as ANNEXURE - A and forms an integral part of this report.

Annexure A

The Members,
CHOLAMANDLAM FINANCIAL HOLDINGS LIMITED
CIN: L65100TN1949PLC002905
Dare House, No. 234, N S C Bose Road,
Parrys, Chennai – 600001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records as per the Auditing Standards (CSAS-1 to CSAS-4) and Guidance Notes on ICSI Auditing Standards and Guidance Note on Secretarial Audit issued by The Institute of Company Secretaries of India. The verification was done to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company as well as correctness of the values and figures reported in various

disclosures and returns as required to be filed by the company under the specified laws.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. It is the responsibility of the management of the company to devise proper systems to ensure compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards and to ensure that the systems are adequate and operate effectively. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy 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
PR NO: 655/2020
UIN: S2017TN472300
UDIN: A047244D000300926

Place : Chennai
Date : May 11, 2022

Secretarial Audit Report

for the financial year ended 31st March 2022

ANNEXURE VI

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,

CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LIMITED

CIN: U66030TN2001PLC047977

Dare House, II Floor, N S C Bose Road,
Parrys, Chennai – 600001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LIMITED** [Corporate Identification Number: U66030TN2001PLC047977] (hereinafter referred to as “the Insurance Company”) for the financial year ended 31st March, 2022. 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 Insurance Company’s books, documents, minute books, forms and returns filed and other records maintained by the Insurance Company and also the information provided by the Insurance Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Insurance Company has, during the audit period for the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Insurance 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, documents, minute books, forms and returns filed and other records maintained by the Insurance Company for the financial year ended on 31st March, 2022 according to the provisions of:

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

- (iv) The Insurance Company has not dealt with the matters relating to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings under FEMA during the year under review and hence, the question of complying with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder does not arise;
- (v) The Insurance Company has listed its debt securities with the National Stock Exchange of India Limited and the following provisions are applicable and complied:
 - a) Chapters II, III and V of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 & the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 to the extent applicable;
 - c) 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; [Not applicable as the Insurance company is not registered as Registrar to an Issue and Share transfer Agent during the year under review]
 - d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The Insurance Company has not listed its equity shares in any of the Stock exchanges and hence the question of complying with the provisions of the following Regulations (a to e) and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) does not arise:-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulation, 2021;
 - d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (vi) The Management has identified and confirmed the following Laws as being specifically applicable to the Company:
1. Insurance Act, 1938
 2. Insurance Rules, 1939
 3. Insurance Laws (Amendment) Act, 2015
 4. IRDAI Regulations, Guidelines, Circulars, directions and notifications made there under.

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

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) (Revised effective from October 1, 2017 and Guidance Note on Meetings of the Board of Directors and General Meetings (Revised) issued by the Institute of Company Secretaries of India.
- (ii) Chapters II, III and V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. [hereinafter referred to as "Listing Regulations"]

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

We further report that

The Board of Directors of the Insurance Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Independent Director and Independent Directors. 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, IRDAI Regulations and Listing Regulations.

Adequate notice is given to all directors before the 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. Notes on agenda which are circulated less than the specified period, the necessary compliances under the Companies Act, 2013 and Secretarial Standards on Board Meetings are complied with. The Directors participated through video conferencing or other audio visual means during the period under review, the necessary compliances of Rule 3 & 4 of the Companies (Meetings of Board and its powers) Rules, 2014 have been complied with. Further, the Circulars, Regulations and Guidelines issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India and other relevant regulatory authorities in view of the pandemic pertaining to Board/ Committee meetings, General Meetings and other provisions of the Act, Rules and Regulations have been complied with by the Insurance Company.

Based on the verification of the records and minutes, the decisions were carried out with the consent of the Board of Directors / Committee Members and no Director / Member dissented on the decisions taken at such Board / Committee Meetings. Further, as per the minutes of the general meetings duly recorded and signed by the Chairman, the decisions were unanimous and no dissenting views have been recorded.

We further report that based on review of compliance mechanism established by the Insurance Company and on the basis of the Compliance certificate(s) issued by the Company Secretary and taken on record by the

Board of Directors at their meeting(s), 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, circulars, guidelines, directions and notifications.

We further report that during the audit period, there were no specific events having major bearing on the Company's affairs in pursuance of above referred laws,

rules, regulations, guidelines and standards during the period under review.

For **R.SRIDHARAN & ASSOCIATES**
Company Secretaries

CS R.SRIDHARAN
CP NO. 3239
FCS NO. 4775
PR NO.657/2020
UIN : S2003TN063400
UDIN: F004775D000220804

Place : Chennai
Date : April 28, 2022

This report is to be read with our letter of even date which is annexed as ANNEXURE - A and forms an integral part of this report.

Annexure A

The Members,

CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LIMITED

CIN: U66030TN2001PLC047977

Dare House, II Floor, N S C Bose Road,
Parrys, Chennai – 600001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Insurance company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records as per the Auditing Standards (CSAS-1 to CSAS-4) and Guidance Notes on ICSI Auditing Standards and Guidance Note on Secretarial Audit issued by The Institute of Company Secretaries of India. The verification was done to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Insurance company as well as correctness of the values and figures reported in

various disclosures and returns as required to be filed by the company under the specified laws.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. It is the responsibility of the management of the Insurance company to devise proper systems to ensure compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards and to ensure that the systems are adequate and operate effectively. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **R.SRIDHARAN & ASSOCIATES**
Company Secretaries

CS R.SRIDHARAN
CP NO. 3239
FCS NO. 4775
PR NO.657/2020
UIN : S2003TN063400
UDIN: F004775D000220804

Place : Chennai
Date : April 28, 2022

Business Responsibility Report

ANNEXURE VII

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identification Number (CIN)	L65100TN1949PLC002905		
2	Name of the Company	Cholamandalam Financial Holdings Limited		
3	Registered office address	'Dare House', No. 234, NSC Bose Road, Chennai - 600 001		
4	Website	www.cholafhl.com		
5	E-mail	investorservices@cfhl.murugappa.com		
6	Financial Year reported	April 1, 2021 to March 31, 2022		
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code	Group	Description
		K	6430	Investment Activity
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Cholamandalam Financial Holdings Limited ('CFHL') is a Core Investment Company holding investments in group companies.		
9	Total number of locations where business activity is undertaken by the Company	1		
	(a) Number of International Locations (Provide details of major 5)	Nil		
	(b) Number of National locations	1		
10	Markets served by the Company	National		

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up capital (INR)	₹18.77 Crore
2	Total Turnover (INR)	₹83.51 Crore
3	Total profit after taxes (INR)	₹55.51 Crore
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.11%
5	List of activities in which expenditure in 4 above has been incurred	<p>CSR activities undertaken during the year relate to:</p> <p>a) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports</p> <p>b) Promotion and development of traditional arts and handicrafts.</p>

SECTION C: OTHER DETAILS

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

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

(a)	Details of the director/directors responsible for implementation of the BR policy/policies	
1.	DIN	01814413
2.	Name	Sridharan Rangarajan
3.	Designation	Director
4.	Telephone Number	044 - 25306204
5.	E-mail Id	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	Business should respect, protect and make efforts to restore the environment;
7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner;
8	Businesses should support inclusive growth and equitable development;
9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

2a. Details of compliance:

SN	Questions	P.1	P.2	P.3	P.4	P.5	P.6	P.7	P.8	P.9
1	Do you have policy/policies for...	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Has the policy been formulated in consultation with the relevant stakeholders?	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Does the policy conform to any national / international standards?	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Does the Company have a specified Committee of the Board/ Director/Official to oversee the implementation of the policy?	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Indicate the link for the policy to be viewed online?	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 / ices?	✓	✓	✓	✓	✓	✓	✓	✓	✓
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 Company assesses its Business Responsibility performance annually.
b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes. Business Responsibility Report forms part of the Annual Report. The report is published annually and is available on the website of the Company at http://www.cholafhl.com/article/profile/971

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

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

Principle 2 - Safety and sustainability of goods & services

a)	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.	Not applicable. The Company being a Core investment Company, offers financial and risk management services through its subsidiary / associate / joint venture companies. The services offered by these companies enhance the livelihood of people by mitigating financial need and insurance coverage of health and assets.
b)	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):	Since the Company's nature of business is financial services, sustainable sourcing is not applicable.
	(i) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?	-
	(ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	-

c)	Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?	The nature of business of the Company being service oriented and not material resource intensive, sustainable sourcing for Company's products is not applicable.
d)	Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	The Company is a holding investment company. Goods and Services are procured from local vendors including communities surrounding the work place, wherever feasible.
e)	Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).	Not applicable. However, the Company and its group companies have procedures in place for reduction of paper utilisation and disposal of waste.

Principle 3 - Promotion of wellbeing of employees

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

Principle 4 - Responsiveness towards stakeholders

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

Principle 5 - Promoting human rights

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

Principle 6 - Protecting the environment

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

Principle 7 - Responsibility towards public and regulatory policy

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

Principle 8 - Supporting inclusive growth and development

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

Principle 9 - Providing value to customers & consumers

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Cholamandalam Financial Holdings Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Cholamandalam Financial Holdings Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("Standards" or "SAs") 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 Financial Statements' section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance

with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

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

Information other than the standalone financial statements and Auditor's Report thereon

The Board of Directors of the Company is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report and Annexures to Board's Report including the report on Corporate Governance, but does not include the standalone financial statements and our report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the standalone financial statements

The Board of Directors of the Company is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds

and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud and error.

In preparing the standalone financial statements, the management of the Company 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 Responsibility for the Audit of the Standalone Financial Statements

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

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

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

omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal 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 over financial reporting and the operating effectiveness of such controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The comparative standalone financial statements of the Company presented in the standalone financial statements are for the year ended 31 March 2021 which was audited by the predecessor auditor who had issued unmodified audit report dated 14 May 2021. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in Annexure 'A' to this report, a statement on the matters specified in para 3 and 4 of the Order, to the extent applicable.
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 accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Cash Flows 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 financial statements comply with the Indian Accounting Standards prescribed 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 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;
 - (f) with respect to the adequacy of internal financial controls over financial reporting of the Company and the operative effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - (g) with respect to other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in Note 25 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
- iii. there were no amounts due which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. a) the management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) the management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c) based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. as stated in in Note 13.8 to the standalone financial statements, the dividend declared and paid by the Company during the year is in accordance with Section 123 of the Act.

For Sharp & Tannan Associates
Chartered Accountants
(Firm's Registration No. 109983W)

Tirtharaj Khot
Partner

Place : Chennai

Membership No. (F) 037457

Date : May 11, 2022

UDIN: 22037457AIUCMU6484

Annexure A to the Independent Auditor's Report

With reference to paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of **Cholamandalam Financial Holdings Limited** ("the Company") of even date, we report the following:

- (i) a) (A) The Company does not have any property, plant and equipment and accordingly, the reporting under clause 3(i)(a)(A) of the Order are not applicable to the Company.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- b) The Company does not have any property, plant and equipment and accordingly, the reporting under clause 3(i)- (b), (c) and (d) of the Order is not applicable to the Company.
- e) According to the information and explanation given to us, no proceedings have been initiated during the year or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.
- b) The Company has not been sanctioned working capital limits in excess of ₹5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- (iii) Based on our audit procedures and according to the information and explanation given to us, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, reporting on paragraph 3(iii) of the Order is not applicable.
- (iv) 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, reporting on paragraph 3(iv) of the Order are not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from public during the year and does not have any unclaimed deposits as at 31 March 2022 and hence reporting on paragraph 3(v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting on paragraph 3 (vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been generally regular in depositing undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other material statutory dues applicable to the Company during the year with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, income-tax, goods and service tax, cess or other material statutory dues outstanding as at 31 March 2022 for a period of more than six months from the date they became payable
- b) according to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax as at 31 March 2022 which have not been deposited with statutory authorities on account of a dispute pending are as under:

Name of the statute	Nature of dues	Amount involved in dispute (Rs. in crores)	Unpaid disputed amount (Rs. in crores)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax & Interest	0.06	0.06	FY 2016-17	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Tax & Interest	1.30	1.30	FY 2017-18	Commissioner of Income Tax (Appeals)

- (viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, reporting on paragraph 3(viii) of the order is not applicable.
- (ix) a) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to any financial institution or bank or government or dues to debenture holders during the year.
- b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting on paragraph 3(ix)(c) of the Order is not applicable.
- d) The Company has not taken any short-term loans during the year and there are no outstanding loans at the beginning of the year and hence, reporting on paragraph 3(ix)(d) of the Order is not applicable.
- e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries hence reporting on paragraph 3(ix)(e) of the Order is not applicable .
- f) The Company has not raised any loans during the year and hence reporting on paragraph 3(ix)(f) of the Order is not applicable.
- (x) a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting on paragraph 3(x)(a) of the Order is not applicable.
- b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting on paragraph 3(x)(b) of the Order is not applicable.
- (xi) a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- b) During the year, no report under sub-section (12) of section 143 of the Companies Act was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c) According to the information and explanation given to us, no whistle blower complaints were received by the Company during the year.
- (xii) The Company is not a Nidhi Company. Accordingly, reporting on paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with sections 177 and 188 of the Act, where applicable, for all transactions with related parties undertaken during the year and the details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

- b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year. Accordingly, reporting on paragraph 3(xv) of the Order is not applicable.
- (xvi) a) According to the information and explanation given to us, we report that the Company has been registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.
- b) According to the information and explanation given to us, we report that the Company has not conducted any non-banking financial or housing finance activities.
- c) According to the information and explanation given to us, we report that the Company is a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and continues to fulfil the criteria of a CIC.
- d) According to the information and explanations given to us by the management of the Company, the Group has one more CIC as part of the Group.
- (xvii) The Company has not incurred cash losses during the current financial year and the immediately preceding financial year.
- (xviii) During the year, consequent to the issuance of the Circular No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 by the RBI, the predecessor auditors resigned as they had completed three continuous years as statutory auditors of the Company. The predecessor statutory auditors have confirmed to us that they were not aware of reasons as to why we should not accept the statutory audit engagements of the Company.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information

accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting on paragraph 3(xx)(a) of the Order is not applicable.
- (b) There are no unspent amounts towards Corporate Social Responsibility (CSR) pursuant to any ongoing project, and hence transferring unspent amount to a special account in compliance with provisions of sub-section 6 of Section 135 of the Act is not applicable to Company. Accordingly, reporting on paragraph 3(xx)(b) of the Order is not applicable.
- (xxi) Reporting on paragraph 3 (xxi) is not applicable to the standalone financial statements.

For Sharp & Tannan Associates
Chartered Accountants
(Firm's Registration No. 109983W)

Tirtharaj Khot
Partner

Place : Chennai
Date : May 11, 2022

Membership No. (F) 037457
UDIN: 22037457AIUCMU6484

Annexure B to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Cholamandalam Financial Holdings Limited of even date)

Independent Auditors' Report on the Internal Financial Controls over financial reporting under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Cholamandalam Financial Holdings Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. Our audit is conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing 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 standalone financial statements, whether due to fraud or error.

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

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 the standalone 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 standalone 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 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 and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of

31 March 2022, 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 Sharp & Tannan Associates
Chartered Accountants
(Firm's Registration No. 109983W)

Tirtharaj Khot
Partner

Place : Chennai
Date : May 11, 2022

Membership No. (F) 037457
UDIN: 22037457AIUCMU6484

Standalone Ind AS Balance Sheet

As at March 31, 2022

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

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
Assets			
Financial Assets			
Cash and Cash Equivalents	3	8.93	11.19
Bank balances other than Cash and Cash Equivalents	3	1.35	12.29
Investments	4	1,279.84	1,279.22
Other Financial Assets	5	0.02	0.02
		1,290.14	1,302.72
Non Financial Assets			
Current tax Assets (Net)		0.73	0.08
Intangible Assets	6	0.02	0.02
Other Non-Financial Assets	7	0.03	0.11
		0.78	0.21
Total Assets		1,290.92	1,302.93
Equity and Liabilities			
Financial Liabilities			
Debt Securities	8	99.97	149.98
Other Payables			
i) Total outstanding dues of micro and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		0.60	0.62
Other Financial Liabilities	9	1.38	9.76
		101.95	160.36
Non-Financial Liabilities			
Current Tax Liabilities (Net)		1.08	1.08
Deferred Tax Liabilities (Net)		0.09	0.04
Provisions	10	0.02	0.01
Other Non-Financial Liabilities	11	0.60	0.69
		1.79	1.82
Equity			
Equity Share Capital	12	18.77	18.77
Other Equity	13	1,168.41	1,121.98
Total Equity		1,187.18	1,140.75
Total Equity And Liabilities		1,290.92	1,302.93
Summary of Significant Accounting Policies	2		

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

As per our report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Firm Regn No.109983W

Tirtharaj Khot

Partner

Membership No: (F) - 037457

Sridharan Rangarajan

Director

DIN:01814413

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

Chairman

DIN:00170478

Date : May 11, 2022

Place : Chennai

E Krithika

Company Secretary

N Ganesh

Manager & Chief Financial Officer

Standalone Ind AS Statement of Profit and Loss

For the year ended March 31, 2022

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

Particulars	Note No.	Year Ended March 31, 2022	Year Ended March 31, 2021
Revenue from Operations	14		
Interest Income		0.86	1.50
Dividend Income		74.70	48.60
Service Income		7.95	7.95
Total Revenue from operations (I)		83.51	58.05
Other Income (II)	15	-	0.09
Total Income (III) = (I)+(II)		83.51	58.14
Expenses			
Finance cost	16	10.14	21.66
Employee Benefits Expense	17	1.25	1.07
Depreciation and Amortisation Expense	6	0.02	0.01
Impairment of financial instruments		-	0.05
Other expenses	18	1.36	1.45
Total Expense (IV)		12.77	24.24
Profit Before Tax (V) = (III) - (IV)		70.74	33.90
Income Tax			
Current tax	26	15.23	12.19
Net tax expense (VI)		15.23	12.19
Profit for the year (VII) = (V) - (VI)		55.51	21.71
Other Comprehensive income - Gain /(Loss)			
Items that will not be reclassified to statement of profit and loss			
Net gain/(loss) in Fair value on Equity Instruments at Fair Value Through Other Comprehensive Income (FVTOCI)		0.62	0.91
Income tax effect of above items		(0.04)	(0.38)
Other comprehensive income for the year, net of tax (VIII)		0.58	0.53
Total comprehensive income for the year (VII + VIII)		56.09	22.24
Earnings per Equity Share of Face Value of ₹1/- each	24		
Basic		2.96	1.16
Diluted		2.96	1.16

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

As per our report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Firm Regn No.109983W

Tirtharaj Khot

Partner

Membership No: (F) - 037457

Sridharan Rangarajan

Director

DIN:01814413

M M Murugappan

Chairman

DIN:00170478

Date : May 11, 2022

Place : Chennai

E Krithika

Company Secretary

N Ganesh

Manager & Chief Financial Officer

Standalone Ind AS Statement of Changes in Equity

For the year ended March 31, 2022

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

a) Equity Share Capital	Amount
Opening Balance as at April 01, 2020	18.77
Changes in Equity share capital during the year	0*
Closing balance as at March 31, 2021	18.77
Changes in Equity share capital during the year	0**
Closing balance as at March 31, 2022	18.77

* Shares amounting to ₹6,952 issued during the year

** Shares amounting to ₹19,910 issued during the year

b) Other Equity

Particulars	Reserve and Surplus					Other Comprehensive Income	Total attributable to equity holders
	Statutory Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium	General Reserve		
Opening Balance as at April 01, 2020	49.18	19.97	6.15	205.37	346.30	0.85	1,099.52
Transfer to retained earnings	-	-	-	-	-	21.71	21.71
Other Comprehensive Income for the year, net of income tax	-	-	-	-	-	0.53	0.53
Changes during the year	-	-	-	0.22	-	-	0.22
Transfer to reserves from retained earnings during the year	4.35	-	-	-	-	(4.35)	-
Closing balance as at March 31, 2021	53.53	19.97	6.15	205.59	346.30	1.38	1,121.98
Transfer to retained earnings	-	-	-	-	-	55.51	55.51
Other comprehensive income for the year, net of income tax	-	-	-	-	-	0.58	0.58
Changes during the year	-	-	-	0.67	-	-	0.67
Dividend including tax	-	-	-	-	-	(10.33)	(10.33)
Transfer to reserves from retained earnings during the year	11.11	-	-	-	-	(11.11)	-
Closing balance as at March 31, 2022	64.64	19.97	6.15	206.26	346.30	1.96	1,168.41

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

As per our report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Firm Regn No.109983W

Tirtharaj Khot

Partner

Membership No: (F) - 037457

Date : May 11, 2022

Place : Chennai

Sridharan Rangarajan

Director

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E Krithika

Company Secretary

M M Murugappan

Chairman

DIN:00170478

N Ganesh

Manager & Chief Financial Officer

For and on behalf of the Board of Directors

Standalone Ind AS Cash Flow Statement

For the year ended March 31, 2022

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash Flow from Operating Activities		
Profit Before Tax	70.74	33.90
Adjustments for:		
Finance Costs	10.14	21.66
Impairment of financial instruments	-	0.05
Depreciation and amortisation expense	0.02	0.01
Interest income on deposits with banks	(0.86)	(1.50)
	9.30	20.22
Operating Profit Before Working Capital Changes	80.04	54.12
Adjustments for:		
(Increase) / decrease in operating assets		
- Financial assets	-	0.02
- Non-financial assets	0.08	(0.09)
- Investment in deposits with banks / unpaid dividend accounts (net of withdrawals)	10.91	21.48
	10.99	21.41
Increase / (decrease) in operating liabilities		
- Financial liabilities	(8.17)	8.19
- Trade and other payables	(0.02)	0.07
- Non-financial liabilities	(0.09)	(0.02)
- Provisions	0.01	-
	(8.27)	8.24
Cash flow generated from / (used) in operating activities	82.76	83.77
Finance costs paid	(10.11)	(22.23)
Interest received on deposits with banks	0.89	1.59
Income taxes paid (net of refunds)	(15.91)	(11.17)
	(25.13)	(31.81)
Net cash generated from / (used in) operating activities (A)	57.63	51.96
Cash Flow from Investing Activities		
Purchase of intangible assets	(0.02)	-
Net cash generated from / (used in) investing activities (B)	(0.02)	-

Standalone Ind AS Cash Flow Statement

As at March 31, 2022

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash Flow from Financing Activities		
Proceeds from issue of debt securities at amortised cost	-	149.94
Repayment of debt securities at amortised cost	(50.00)	-
Repayment of borrowings other than debt securities at amortised cost	-	(200.00)
Proceeds from issue of share capital (including securities premium)	0.67	0.22
Dividends paid (including Unpaid dividends pertaining to earlier periods)	(10.54)	(0.34)
Net cash generated from / (used in) financing activities (C)	(59.87)	(50.18)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(2.26)	1.78
Cash and cash equivalents at the beginning of the year (Refer Note 3)	11.19	9.41
Cash and cash equivalents at the end of the year	8.93	11.19

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

As per our report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Firm Regn No.109983W

Tirtharaj Khot

Partner

Membership No: (F) - 037457

Sridharan Rangarajan

Director

DIN:01814413

M M Murugappan

Chairman

DIN:00170478

For and on behalf of the Board of Directors

Date : May 11, 2022

Place : Chennai

E Krithika

Company Secretary

N Ganesh

Manager & Chief Financial Officer

Notes to Standalone Ind AS Financial Statements

Note - 1. Background and Corporate Information

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

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

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

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

The standalone financial statements were authorised for issue in accordance with a resolution of the directors on May 11, 2022.

Note - 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 standalone financial statements in line with RBI notifications DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020 and DoR (NBFC) (PD) CC. No. 117/03.10.001/2020-21 dated August 13, 2020. Refer Note 31 for the disclosures.

Note - 1.2 Presentation of financial statements

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

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

- (i) The normal course of business
- (ii) The event of default
- (iii) The event of insolvency or bankruptcy of the Company and/or its counterparties

Note - 1.3 Standards issued but not yet effective

There are no new standards / amendments to the standards that have been issued but not yet effective as at March 31, 2022.

Note - 2. Significant accounting policies

Note - 2.1 Financial instruments – initial recognition

Note - 2.1.1 Date of recognition

Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company

Notes to Standalone Ind AS Financial Statements

becomes a party to the contractual provisions of the instrument. The Company recognises debt securities and borrowings when funds reach the Company.

Note - 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.

Note - 2.1.3 Measurement categories of financial assets and liabilities

The Company classifies all its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either (a) Amortised cost (b) FVTPL or (c) FVTOCI

Note - 2.2. Financial assets and liabilities

Note - 2.2.1 Bank balances and financial investments at amortised cost

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

- (i) the financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows; and
- (ii) 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.

Note - 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.

Note - 2.2.3 The SPPI Test

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

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

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

Notes to Standalone Ind AS Financial Statements

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.

Note - 2.3 Equity instruments at Fair Value Through Other Comprehensive Income (FVTOCI)

The Company subsequently measures all equity investments at fair value through statement of profit and 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 statement of profit and loss. Dividends are recognised in statement of profit and 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 Other Comprehensive Income. Equity instruments at FVTOCI are not subject to an impairment assessment.

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 2.16.

Note - 2.4 Debt securities and other borrowed funds

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

Note - 2.5 Derecognition of financial assets and liabilities

Note - 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.

Note - 2.5.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. 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 and loss.

Note - 2.6 Recognition of Income

A. Revenue (other than interest income and dividend income covered by Ind AS 109 - Financial Instruments) is measured at fair value of the consideration received or receivable.

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

- Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met;
- Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;
- Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;
- Step 4: Allocate the transaction price to the performance obligations in the contract:

Notes to Standalone Ind AS Financial Statements

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.

Note - 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.

Note - 2.6.2 Interest income covered by Ind AS 109

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.

Note - 2.6.3 Dividend income covered by Ind AS 109

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.

Note - 2.7 Taxes

Note - 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 and generates taxable income.

Current income tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and 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. Company's 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.

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:

- (i) Whether an entity considers uncertain tax treatments separately;
- (ii) The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- (iii) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- (iv) 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 standalone financial statements of the Company.

Notes to Standalone Ind AS Financial Statements

Note - 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:

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

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

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

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

Note - 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.

Note - 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

Notes to Standalone Ind AS Financial Statements

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.

Note - 2.10 Dividends on ordinary shares

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

Note - 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:

- (i) In the principal market for the asset or liability, or
- (ii) 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:

- (i) **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.
- (ii) **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

Notes to Standalone Ind AS Financial Statements

the entire measurement, the Company will classify the instruments as Level 3.

- (iii) 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.

Note - 2.12 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.

Note - 2.13 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.

Note - 2.14 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.

Note - 2.15 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 statement of profit and loss in the period in which the expenditure is incurred.

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

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

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

Note - 2.16 Impairment of Financial & Non-Financial Assets

Note - 2.16.1 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

Notes to Standalone Ind AS Financial Statements

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.

Note - 2.16.2. Impairment of Financial Assets

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is provided for / written-off.

Note - 2.17 Earnings Per Share

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

Note - 3. Cash and Cash Equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks:		
– In Current Accounts	0.08	9.16
– In Deposit Accounts - with original maturity of less than 3 months	8.85	2.03
	8.93	11.19
Bank balances other than cash and cash equivalents		
In Deposit Accounts		
Original maturity of more than 3 months	-	10.73
In Unpaid dividend accounts	1.35	1.56
	1.35	12.29

Note - 4. Investments

Particulars	Number		Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Investments at Cost:				
I. Investments-Equity (Refer Note 2 below)				
Investment in Subsidiary Companies at Cost				

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, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Equity Shares (Fully Paid) - Quoted				
Cholamandalam Investment and Finance Company Limited (Face value of ₹2 per share)	372,885,889	372,885,889	1,009.91	1,009.91
Equity Shares (Fully Paid) - Unquoted				
Cholamandalam MS General Insurance Company Limited (Face value of ₹10 per share)	179,282,861	179,282,861	265.24	265.24
Investment in Joint Venture at cost				
Equity Shares (Fully Paid) - Unquoted				
Cholamandalam MS Risk Services Limited (Face value of ₹10 per share)	989,979	989,979	0.99	0.99
Investments at Fair Value Through Other Comprehensive Income (FVTOCI) (Refer Note 1 below)				
Equity Shares (Fully Paid) - Quoted				
Coromandel Engineering Co. Ltd. (Face value of ₹10 per share)	433,481	433,481	1.46	1.17
Carborundum Universal Limited (Face value of ₹10 per share)	6,000	6,000	0.48	0.31
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 Private Limited (Face value of ₹100 per share)	42,677	42,677	1.72	1.56
Total Investments - Equity			1,279.84	1,279.22

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

Note-2: All investments represented above are made in India.

Note - 5. Other Financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured - considered good (unless otherwise stated)		
At amortised cost		
Deposit receivable	0.02	0.02
	0.02	0.02

Note - 6. Intangible Assets

Particulars	Computer software
Gross carrying amount as at March 31, 2020	0.04
Additions	-
Disposals	-
Gross carrying amount as at March 31, 2021	0.04
Additions	0.02
Disposals	0.00
Gross carrying amount as at March 31, 2022	0.06

Notes to Standalone Ind AS Financial Statements

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

Particulars	Computer software
Accumulated Amortisation and impairment	
Balance as at March 31, 2020	0.01
Amortisation for the year (₹51,714/-)	0.01
Amortisation on disposals	-
Balance as at March 31, 2021	0.02
Amortisation for the year (₹1,54,209/-)	0.02
Amortisation on disposals	0.00
Accumulated amortisation and impairment as at March 31, 2022	0.04
Net Written down Value as at March 31, 2021	0.02
Net Written down Value as at March 31, 2022	0.02

Note - 7. Other Non Financial Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured - considered good (unless otherwise stated)		
Prepaid expenses	0.02	0.02
Others	0.01	0.09
	0.03	0.11

Note - 8. Debt Securities (at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Non Convertible Debentures - Unsecured	99.97	149.98
	99.97	149.98

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

Rate of Interest / Effective Interest rate / Maturity	Amount outstanding	
	As at March 31, 2022	As at March 31, 2021
6.20% / 6.23% / March 31, 2022	-	50.00
6.75% / 6.78% / March 30, 2023	50.00	50.00
7.26% / 7.28% / March 30, 2024	50.00	50.00

Note - 8.2 The Debentures are issued in India.

Note - 9. Other Financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Unpaid Dividends *	1.35	1.56
Others	0.03	8.20
	1.38	9.76

* There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company as at end of the year.

Notes to Standalone Ind AS Financial Statements

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

Note - 10. Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Compensated Absences	0.02	0.01
	0.02	0.01

Note - 11. Other Non Financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory Liabilities	0.60	0.69
	0.60	0.69

Note - 12. Equity Share Capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	Numbers	Amount	Numbers	Amount
AUTHORISED				
Equity Shares of ₹1/- each	430,000,000	43.00	430,000,000	43.00
		43.00		43.00
ISSUED, SUBSCRIBED AND PAID UP				
Equity Shares of ₹1/- each	187,742,892	18.77	187,722,982	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, 2022		As at March 31, 2021	
	Numbers	Amount	Numbers	Amount
Equity Shares				
At the beginning of the year	187,722,982	18.77	187,716,030	18.77
Issued during the year	19,910	0.00	6,952	0.00
Outstanding at the end of the year	187,742,892	18.77	187,722,982	18.77

Note : The Company has received an amount of ₹19,910 on allotment of Shares under Employee Stock Options for the year ended March 31, 2022 (₹6,952 for the year ended March 31, 2021)

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, 2022	As at March 31, 2021
Ambadi Investments Limited	70,766,595	70,766,595

Notes to Standalone 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, 2022		As at March 31, 2021		
	Equity Shares	Numbers	% holding in the class	Numbers	% holding in the class
Ambadi Investments Limited		70,766,595	37.69	70,766,595	37.70

e) Shares reserved for issue under options

Refer Note 27 for details of shares reserved for issued under options.

f) Status on Global Depository Receipts ("GDR")

The aggregate number of GDRs outstanding as at March 31, 2022 is 23,460 (as at March 31, 2021 - 23,460) each representing one Equity Share of ₹1/- face value (Previous Year ₹1/- face value). GDR % against total number of shares is 0.01% (as at March 31, 2021 - 0.01%). The GDRs carry the same terms / rights attached to Equity Shares of the Company.

g) Shareholding of Promoters

SN.	Name of the Promoter (P) / Promoter Group (PG)	As on 31-Mar-2022		As on 31-Mar-2021		Category	% Change during the year
		No. of shares	% to shares	No. of shares	% to shares		
1	Ambadi Investments Limited	7,07,66,595	37.69	7,07,66,595	37.69	Promoter	-
2	Ambadi Enterprises Ltd	10,58,200	0.56	10,58,200	0.56	Promoter	-
3	Murugappa & Sons (M V Subbiah, M A Alagappan and M M Murugappan hold shares on behalf of the Firm)	8,63,980	0.46	8,63,980	0.46	Promoter	-
4	Arun Alagappan	8,33,090	0.44	8,33,090	0.44	Promoter	-
5	M A Alagappan	7,10,000	0.38	7,10,000	0.38	Promoter	-
6	M V Murugappan - HUF (Valli Arunachalam holds shares in the capacity as karta)	5,43,330	0.29	5,43,330	0.29	Promoter	-
7	A Venkatachalam	5,13,610	0.27	5,13,610	0.27	Promoter	-
8	M A M Arunachalam	4,70,160	0.25	4,70,160	0.25	Promoter	-
9	A Vellayan	3,82,400	0.20	3,82,400	0.20	Promoter	-
10	M M Murugappan HUF (M M Murugappan holds shares in the capacity as kartha)	3,55,330	0.19	3,55,330	0.19	Promoter	-
11	V Arunachalam	3,38,990	0.18	3,38,990	0.18	Promoter	-
12	V Narayanan	2,81,140	0.15	2,81,140	0.15	Promoter	-
13	M M Muthiah HUF (M M Murugappan hold shares in the capacity as kartha)	2,77,360	0.15	2,77,360	0.15	Promoter	-
14	A Venkatachalam (Hold shares in the capacity as kartha of HUF)	2,52,000	0.13	2,52,000	0.13	Promoter	-
15	A Vellayan (Hold shares in the capacity as kartha of HUF)	2,49,500	0.13	2,49,500	0.13	Promoter	-

Notes to Standalone Ind AS Financial Statements

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

SN.	Name of the Promoter (P) / Promoter Group (PG)	As on 31-Mar-2022		As on 31-Mar-2021		Category	% Change during the year
		No. of shares	% to shares	No. of shares	% to shares		
16	M M Murugappan	2,09,715	0.11	2,09,715	0.11	Promoter	-
17	Arun Venkatachalam	2,00,000	0.11	2,00,000	0.11	Promoter	-
18	M V Subbiah (Hold shares in the capacity as kartha of HUF)	1,71,200	0.09	1,71,200	0.09	Promoter	-
19	M A M Arunachalam (in the capacity of karta of HUF)	1,48,660	0.08	1,48,660	0.08	Promoter	-
20	M A Alagappan HUF (M A Alagappan hold shares in the capacity as kartha)	1,30,660	0.07	1,30,660	0.07	Promoter	-
21	M M Venkatachalam	4,000	0.00	4,000	0.00	Promoter	-
22	Carborundum Universal Limited	1,000	0.00	1,000	0.00	Promoter	-
23	M V Valli Murugappan	-	-	9,78,190	0.52	Promoter Group	(100%)
24	A M Meyyammai	9,31,500	0.50	9,31,500	0.50	Promoter Group	-
25	Lakshmi Ramaswamy Family Trust (A A Alagammai & Lakshmi Ramaswamy Holds Shares On Behalf Of Trust)	7,43,000	0.40	7,43,000	0.40	Promoter Group	-
26	Murugappa Educational And Medical Foundation	7,26,200	0.39	7,26,200	0.39	Promoter Group	-
27	Shambho Trust (M V Subbiah & S Vellayan are trustees of the trust)	5,97,340	0.32	5,97,340	0.32	Promoter Group	-
28	M A Murugappan Holdings LLP	5,46,860	0.29	5,46,860	0.29	Promoter Group	-
29	Saraswathi Trust (M V Subbiah, S Vellayan & M V Seetha Subbiah are trustees of the trust)	5,15,180	0.27	5,38,180	0.29	Promoter Group	(4.27%)
30	M A Alagappan Holdings Private Limited	5,29,860	0.28	5,29,860	0.28	Promoter Group	-
31	Meenakshi Murugappan Family Trust (M M Murugappan & Meenakshi Murugappan are trustees of the trust)	5,00,000	0.27	5,00,000	0.27	Promoter Group	-
32	M M Muthiah Family Trust (M M Murugappan & M M Muthiah Holds Shares On Behalf Of The Trust)	4,78,055	0.25	4,78,055	0.25	Promoter Group	-
33	MM Veerappan Family Trust (M M Murugappan & Meenakshi Murugappan Holds Shares On Behalf Of The Trust)	4,68,055	0.25	4,68,055	0.25	Promoter Group	-

Notes to Standalone Ind AS Financial Statements

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

SN.	Name of the Promoter (P) / Promoter Group (PG)	As on 31-Mar-2022		As on 31-Mar-2021		Category	% Change during the year
		No. of shares	% to shares	No. of shares	% to shares		
34	M V Muthiah Family Trust (M M Venkatachalam & M V Muthiah Holds Shares On Behalf Of The Trust)	4,59,830	0.25	4,59,830	0.25	Promoter Group	-
35	M V Subramanian Family Trust (M M Venkatachalam & M V Subramanian hold shares on behalf of trust)	4,59,830	0.25	4,59,830	0.25	Promoter Group	-
36	M V A R Meenakshi	4,49,630	0.24	4,49,630	0.24	Promoter Group	-
37	M M Venkatachalam Family Trust (M M Venkatachalam & Lakshmi Venkatachalam hold shares on behalf of trust)	4,03,900	0.22	4,03,900	0.22	Promoter Group	-
38	A R Lakshmi Achi Trust	3,91,510	0.21	3,91,510	0.21	Promoter Group	-
39	Valli Muthiah	3,87,080	0.21	3,87,080	0.21	Promoter Group	-
40	Lakshmi Venkatachalam Family Trust (M M Venkatachalam & Lakshmi Venkatachalam are trustees of trust)	3,79,905	0.20	3,79,905	0.20	Promoter Group	-
41	Meyyammai Venkatachalam	3,58,580	0.19	3,58,580	0.19	Promoter Group	-
42	Lalitha Vellayan	-	-	3,07,160	0.16	Promoter Group	(100%)
43	M.M.Muthiah Research Foundation	2,80,920	0.15	2,80,920	0.15	Promoter Group	-
44	M M Murugappan Family Trust (M M Murugappan & Meenakshi Murugappan are trustees of the trust)	2,31,800	0.12	2,31,800	0.12	Promoter Group	-
45	Sigapi Arunachalam	2,27,990	0.12	2,27,990	0.12	Promoter Group	-
46	UMAYAL.R.	2,26,580	0.12	2,26,580	0.12	Promoter Group	-
47	Arun Murugappan Children's Trust (M A M Arunachalam & Sigappi Arunachalam hold on behalf of trust)	2,20,278	0.12	2,20,278	0.12	Promoter Group	-
48	M A Alagappan Grand Children Trust (Arun Alagappan & A A Alagammai hold shares on behalf of Trust)	2,16,777	0.12	2,16,777	0.12	Promoter Group	-
49	Murugappan Arunachalam Children Trust (Sigapi Arunachalam alongwith others hold shares of Trust)	2,15,410	0.11	2,15,410	0.11	Promoter Group	-

Notes to Standalone Ind AS Financial Statements

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

SN.	Name of the Promoter (P) / Promoter Group (PG)	As on 31-Mar-2022		As on 31-Mar-2021		Category	% Change during the year
		No. of shares	% to shares	No. of shares	% to shares		
50	Lakshmi Chockalingam	1,58,660	0.08	1,58,660	0.08	Promoter Group	-
51	Valli Annamalai	1,57,127	0.08	1,57,127	0.08	Promoter Group	-
52	M Vellachi	5,97,425	0.32	1,15,330	0.06	Promoter Group	418.01%
53	A M M Vellayan Sons P Ltd	38,430	0.02	38,430	0.02	Promoter Group	-
54	Pranav Alagappan	28,050	0.02	28,050	0.02	Promoter Group	-
55	Valliammai Murugappan	17,032	0.01	17,032	0.01	Promoter Group	-
56	M V Seetha Subbiah Benefit trust (M V Subbiah & S Vellayan hold shares on behalf of the Trust)	14,500	0.01	14,500	0.01	Promoter Group	-
57	Valli Subbiah Benefit Trust (S Vellayan & M V Subbiah hold shares on behalf of the Trust)	14,500	0.01	14,500	0.01	Promoter Group	-
58	Dhruv M Arunachalam	11,000	0.01	11,000	0.01	Promoter Group	-
59	Solachi Ramanathan	8,500	0.00	8,500	0.00	Promoter Group	-
60	M.M.Muthiah Sons Private Ltd	4,200	0.00	4,200	0.00	Promoter Group	-
61	A V Nagalakshmi	3,600	0.00	3,600	0.00	Promoter Group	-
62	V Vasantha	2,300	0.00	2,300	0.00	Promoter Group	-
63	Uma Ramanathan	2,000	0.00	2,000	0.00	Promoter Group	-
64	Lakshmi Venkatachalam	1,200	0.00	1,200	0.00	Promoter Group	-
65	Valli Alagappan	1,000	0.00	1,000	0.00	Promoter Group	-
66	A.Keertika Unnamalai	500	0.00	500	0.00	Promoter Group	-
67	Meenakshi Murugappan	70	0.00	70	0.00	Promoter Group	-
68	Valli Arunachalam	4,96,095	0.26	-	0.00	Promoter Group	100%
Total P/PG Holdings		9,12,63,179	48.61	9,15,93,339	48.79		
Total Paid up share capital		18,77,42,892		18,77,22,982			

Notes to Standalone Ind AS Financial Statements

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

Note - 13. Other Equity

Particulars	As at March 31, 2022	As at March 31, 2021
Retained earnings (Refer Note 13.2)	523.13	489.06
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)	206.26	205.59
Statutory Reserve (Refer Note 13.4)	64.64	53.53
General Reserve (Refer Note 13.1)	346.30	346.30
FVTOCI Reserve (Refer Note 13.3)	1.96	1.38
	1,168.41	1,121.98

Nature and Purpose of reserves

Note - 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 enactment 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, 2022	As at March 31, 2021
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

Note - 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, 2022	As at March 31, 2021
Balance at the beginning of the year	489.06	471.70
Profit for the year	55.51	21.71
Dividend payout for the year - Equity	(10.33)	-
Transfer to Statutory Reserve	(11.11)	(4.35)
Balance at the end of the year	523.13	489.06

Note - 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.

Notes to Standalone Ind AS Financial Statements

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

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	1.38	0.85
Fair Valuation of FVTOCI Investments	0.58	0.53
Balance at the end of the year	1.96	1.38

Note - 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, 2022	As at March 31, 2021
Balance at the beginning of the year	53.53	49.18
Transfer into reserve	11.11	4.35
Balance at the end of the year	64.64	53.53

Note - 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, 2022	As at March 31, 2021
Balance at the beginning of the year	205.59	205.37
Additions pursuant to shares issued on account of exercise of ESOP	0.67	0.22
Balance at the end of the year	206.26	205.59

Note - 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, 2022	As at March 31, 2021
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

Note - 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, 2022	As at March 31, 2021
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

Notes to Standalone Ind AS Financial Statements

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

Note - 13.8 Proposed dividend

The Board of Directors of the Company at their meeting held on May 11, 2022, have recommended a dividend of 55% being ₹0.55 per equity share of face value of ₹1/- of the Company, for the year ended March 31, 2022 which is subject to approval by the shareholders at the ensuing Annual General Meeting.

Note - 14. Revenue from Operations

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Interest Income on		
- Bank Deposits	0.86	1.50
Dividend Income from		
- Subsidiaries	74.58	48.48
- Joint Venture	0.12	0.12
- Others (₹9000 only, previous year ₹9000 only)	-	-
Service Income		
-Income that are recognised over a period of time	7.95	7.95
	83.51	58.05
Note - 14.1 - Type of Service		
Total revenue from contracts with customers - Brand fee	7.95	7.95
Geographical markets		
India	7.95	7.95
Outside India	-	-
Total revenue from contracts with customers	7.95	7.95
Timing of revenue recognition		
Services transferred at a point in time	-	-
Services transferred over time	7.95	7.95

For the income that has been received during the year, there are no contract assets / contract liabilities that are outstanding as at March 31, 2022 (Previous year - NIL)

Note - 14.2 Information about Company's performance obligation

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

Note -15. Other Income

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Other Income	-	0.09
	-	0.09

Note - 16. Finance Costs

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Interest on financial liabilities measured at amortised cost		
- Debt Securities	10.14	0.24
- Borrowings other than debt securities	-	21.42
	10.14	21.66

Notes to Standalone Ind AS Financial Statements

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

Note - 17. Employee Benefit Expense

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Salaries and Bonus	1.25	1.07
	1.25	1.07

Note - 18. Other Expense

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Rent	0.01	0.01
Insurance	0.02	0.02
Travelling and Conveyance	0.00	0.01
Advertisement Expenses	0.03	0.04
Communication	0.01	0.01
Printing, Stationery	0.02	0.03
Auditors' Remuneration	0.19	0.18
Professional & Legal Expenses	0.14	0.21
Listing and filing fee	0.06	0.06
Expenditure on Corporate Social Responsibility	0.06	0.18
Directors Fees, allowances and expenses	0.76	0.66
Other expenses	0.06	0.04
	1.36	1.45

Note - 18.1 Auditors' Remuneration

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
As Auditor:		
Statutory Audit	0.08	0.08
Audit of Consolidated Financial Statements	0.05	0.05
Tax Audit	0.01	0.01
Limited Reviews	0.03	0.03
Other Services / Certification / OPE	0.02	0.01
	0.19	0.18

Note - 18.2 Details of Corporate Social Responsibility expenditure

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Gross Amount required to be spent towards CSR u/s 135 (5) of Companies Act , 2013 (A)	0.06	0.18
Amount spent during the year (B)		
- Education & Health	-	0.15
- Others	0.06	0.03
Excess / (shortfall) (A-B)	-	-

The CSR projects undertaken by the Company are in the nature of other than "On-going Projects".

There is no amount required to be contributed to specified fund u/s 135(6).

Notes to Standalone Ind AS Financial Statements

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

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, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Financial assets				
Cash and Cash Equivalents	8.93	11.19	8.93	11.19
Bank balances other than cash and cash equivalents	1.35	12.29	1.35	12.29
Investments	1,276.14	1,276.14	27,943.75	21,957.07
Other Financial Assets	0.02	0.02	0.02	0.02
Total	1,286.44	1,299.64	27,954.05	21,980.57
Financial liabilities				
Debt Securities	99.97	149.98	99.97	149.98
Other Payables				
a) Total outstanding dues of micro and small enterprises	-	-	-	-
b) Total outstanding dues of creditors other than micro and small enterprises	0.60	0.62	0.60	0.62
Other Financial Liabilities	1.38	9.76	1.38	9.76
Total	101.95	160.36	101.95	160.36

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

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

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

Note - 20.1 Fair Values Hierarchy

a) Financial Assets carried at Fair Values

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

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

Notes to Standalone Ind AS Financial Statements

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

Particulars	Fair Value as at		Fair Value Hierarchy	Valuation Techniques & key inputs used
	March 31, 2022	March 31, 2021		
Asset measured at fair value:				
Investments in quoted equity instruments at FVTOCI	1.98	1.52	Level 1	Quoted bid price in an active market. Refer Note (a)
Investments in unquoted equity instruments at FVTOCI	1.72	1.56	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 believe that this provides a more meaningful presentation for medium or long term strategic investments, than reflecting changes in fair value immediately in profit or loss.
- (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, 2022	March 31, 2021		
Liabilities for which fair values are disclosed	99.97	149.98	Level 2	Refer Note (a) below

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

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

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

Particulars	As at March 31, 2022	As at March 31, 2021
Financial Assets		
Cash and Cash Equivalents	8.93	11.19
Bank balances other than cash and cash equivalents	1.35	12.29
Other Financial Assets	0.02	0.02
Financial Liabilities		
Debt Securities	99.97	149.98
Trade & Other Payables	0.60	0.62
Other Financial Liabilities	1.38	9.76

Notes to Standalone Ind AS Financial Statements

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

Note - 21. Maturity Analysis

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

Particulars	Maturity			Maturity		
	As on March 31, 2022	Current	Non Current	As on March 31, 2021	Current	Non Current
Financial Assets						
Cash and Cash Equivalents	8.93	8.93	-	11.19	11.19	-
Bank balances other than cash & cash equivalents	1.35	1.35	-	12.29	12.29	-
Investments	1,279.84	-	1,279.84	1,279.22	-	1,279.22
Other Financial Assets	0.02	-	0.02	0.02	-	0.02
Total Financial Assets	1,290.14	10.28	1,279.86	1,302.72	23.48	1,279.24
Non Financial Assets						
Current tax assets (Net)	0.73	-	0.73	0.08	-	0.08
Intangible Assets	0.02	-	0.02	0.02	-	0.02
Other non-financial assets	0.03	-	0.03	0.11	-	0.11
Total Non Financial Assets	0.78	-	0.78	0.21	-	0.21
Financial Liabilities						
Debt Securities	99.97	50.04	49.93	149.98	50.06	99.92
Other Payables						
a) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-
b) Total outstanding dues of creditors other than micro and small enterprises	0.60	0.60	-	0.62	0.62	-
Other Financial Liabilities	1.38	1.35	0.03	9.76	9.76	-
Total Financial Liabilities	101.95	51.99	49.96	160.36	60.44	99.92
Non Financial Liabilities						
Other non-financial liabilities	1.79	0.60	1.19	1.82	1.82	-
Total Non Financial Liabilities	1.79	0.60	1.19	1.82	1.82	-

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

Particulars	Upto 1 Month	1 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
As on March 31, 2022						
Financial Assets						
Cash and Cash Equivalents	8.93	-	-	-	-	8.93
Bank balances other than cash and cash equivalents	1.35	-	-	-	-	1.35
Investments	-	-	-	-	1,279.22	1,279.22
Other Financial Assets	-	-	-	0.02	-	0.02
Total Undiscounted Financial Assets	10.28	-	-	0.02	1,279.22	1,289.52
Financial Liabilities						
Borrowings (Debt Securities)	-	-	57.03	53.61	-	110.64
Other Payables						
a) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-
b) Total outstanding dues of creditors other than micro and small enterprises	0.60	-	-	-	-	0.60
Other Financial Liabilities	1.35	-	-	0.03	-	1.38
Total Undiscounted Financial Liabilities	1.95	-	57.03	53.64	-	112.62

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
As on March 31, 2021						
Financial Assets						
Cash and Cash Equivalents	9.16	2.03	-	-	-	11.19
Bank balances other than cash and cash equivalents	1.56	-	11.24	-	-	12.80
Investments	-	-	-	-	1,279.22	1,279.22
Other Financial Assets	-	-	-	-	-	-
Total Undiscounted Financial Assets	10.72	2.03	11.24	-	1,279.22	1,303.21
Financial Liabilities						
Borrowings (Other than Debt Securities)	-	-	60.15	110.60	-	170.75
Other Payables						
a) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-
b) Total outstanding dues of creditors other than micro and small enterprises	0.62	-	-	-	-	0.62
Other Financial Liabilities	9.76	-	-	-	-	9.76
Total Undiscounted Financial Liabilities	10.38	-	60.15	110.60	-	181.13

Note - 22. Significant accounting judgements, estimates and assumptions:

The preparation of the Company's financial statements requires management of the Company 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, the 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 - 23. Disclosure in respect of Related Parties

Note - 23.1 List of Related Parties

SN.	Nature of relationship	Name of the related parties
1	Subsidiary & Associate Companies	(i) Cholamandalam Investment and Finance Company Limited (CIFCL) (Subsidiary) *
		(ii) Cholamandalam Home Finance Limited (Subsidiary of CIFCL)
		(iii) Cholamandalam Securities Limited (Subsidiary of CIFCL)
		(iv) Payswiff Technologies Private Limited (Joint Venture of CIFCL) (from February 2022)
		(v) White Data Systems India Private Limited (Associate of CIFCL)
		(vi) Vishvakarma Payments Private Limited (Associate of CIFCL) (from March 2021)
		(vii) Paytail Commerce Private Limited (Associate of CIFCL) (from September 2021)
		(viii) Cholamandalam MS General Insurance Company Limited (Subsidiary)
		(ix) Cholamandalam Health Insurance Limited (Subsidiary) (till December 29, 2020) (On December 30, 2020, the Company has applied for striking off with Registrar of Companies (ROC). ROC has approved striking off and dissolution of the entity on October 25, 2021). The value of the investment was written off during the year ended March 31, 2021)
2	Entity having Significant influence	(i) Ambadi Investments Limited
3	Subsidiaries of Entity having significant influence	(i) Parry Enterprises Limited
		(ii) Parry Agro Limited
4	Joint Venture	(i) Cholamandalam MS Risk Services Limited
5	Key Management Personnel (Pursuant to Companies Act, 2013)	(i) Mr. N. Ganesh - Manager & Chief Financial Officer
		(ii) Ms. E. Krithika - Company Secretary
6	Non-Executive Directors	(i) Mr. M. M. Murugappan
		(ii) Mr. Sridharan Rangarajan
		(iii) Mr. B Ramaratnam
		(iv) Ms. Vasudha Sundararaman
		(v) Mr. Vellayan Subbiah (w.e.f. November 11, 2020)
		(vi) Mr. K. Balasubramanian (w.e.f. March 17, 2022)
		(vii) Mr. Ashok Kumar Barat (upto December 21, 2021)
		(viii) Mr. V Ravichandran (upto November 11, 2020)

* The Company holds 45.41% of the total shareholding in CIFCL as at March 31, 2022 (45.47% as at March 31, 2021) and has de-facto control as per the principles of Ind AS 110 and accordingly CIFCL has been considered as a subsidiary in Ind AS Financial Statements.

Notes to Standalone Ind AS Financial Statements

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

Note - 23.2 During the year, the following transactions were carried out with the related parties in the ordinary course of business:

Transaction	Name of the related parties	Year ended March 31, 2022	Year ended March 31, 2021
Dividend Received	Cholamandalam Investment and Finance Company Limited	74.58	48.48
	Cholamandalam MS Risk Services Limited	0.12	0.12
Dividend Payment	Ambadi Investments Limited	3.89	-
	Directors	0.012	-
	Relative of directors and other entities in which directors are interested	0.11	-
Deputation charges for KMP	Cholamandalam Investment and Finance Company Limited	0.95	0.83
Remuneration to Key Management Personnel	Ms. E Krithika	0.30	0.24
Expense reimbursed	Cholamandalam Investment and Finance Company Limited	0.05	0.05
Payment for services availed	Parry Enterprises Limited	-	0.008
	Cholamandalam Securities Limited	0.0001	0.001
Brand fee Income	Cholamandalam MS General Insurance Company Limited	7.95	7.95
Commission and sitting fees	Non-executive directors	0.76	0.66

Note - 23.3 Balances outstanding at the year end:

Nature of balance	Name of the related parties	As at March 31, 2022	As at March 31, 2021
Receivable / (Payable)	Cholamandalam Securities Limited	(0.0001)	(0.02)

Note - 24. Earnings Per Share

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit after tax	55.51	21.71
Weighted average number of shares		
- Basic	18,77,32,279	18,77,17,997
- Dilutive impact on account of options	13,351	16,610
- Diluted	18,77,45,629	18,77,34,607
Earnings per share (face value of ₹1 each)		
- Basic	2.96	1.16
- Diluted	2.96	1.16

Note - 25. Contingent Liabilities

Contested claims not provided for:

Particulars	As at March 31, 2022	As at March 31, 2021
Income tax issues where the Company has gone on appeal	1.36	-

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:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Accounting profit before income tax (A)	70.74	33.90
Corporate tax on accounting profit before tax @ 25.17% (Previous year 25.17%) (B)	17.81	8.53
Adjustments to accounting profit:		
Deduction under section 57 of the Income tax Act (C)	(10.14)	(9.72)
Deductions under section 80M of the Income tax Act (D)	(10.33)	-
Other disallowances of the Income tax Act (E)	10.24	24.24
Deduction towards depreciation under the Income Tax Act (F)	(0.02)	-
Total adjustments to accounting profit (G=C+D+E+F)	(10.25)	14.52
Tax on above total adjustments @ 25.17% (Previous year 25.17%) (H = G * Tax rate)	(2.58)	3.66
Net Effective Income Tax (I = B-H)	15.23	12.19

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:

Particulars	Employee Stock Option Plan 2007		Employee Stock Option Plan 2016	
	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
Grant	Grant 12	Grant 12	Grant 1	Grant 1
Date of Grant	02-Nov-11	02-Nov-11	15-Mar-17	15-Mar-17
Options Outstanding as at beginning of the year	7,392	10,916	56,590	61,590
During the year				
Options granted	-	-	-	-
Options cancelled / lapsed	2,392	1,572	-	-
Options exercised & allotted	5,000	1,952	14,910	5,000
Options Outstanding as at end of the year	-	7,392	41,680	56,590
Options vested but not exercised as at beginning of the year	7,392	10,916	56,590	61,590
Options vested but not exercised as at end of the year	-	7,392	41,680	56,590

Notes to Standalone Ind AS Financial Statements

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

Stock Options (cont..)

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	
Employee Stock Option Plan 2007									
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	-	-	
3 - 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	-	-	
4 - 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	-	-	
7 - Tr II	29-Jan-11	96.63	29-Jan-12	21,280	21,280	-	-	-	
7 - Tr III	29-Jan-11	96.63	29-Jan-12	15,112	15,112	-	-	-	
8	29-Jan-11	96.63	29-Jan-12	1,92,400	80,916	1,11,484	-	-	
9	29-Jan-11	96.63	29-Jan-12	13,900	-	13,900	-	-	
10	2-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	-	-	
12 - Tr II	02-Nov-11	98.74	02-Nov-12	51,516	29,224	22,292	-	-	

Employee Stock Option Plan 2016

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	
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	1,43,100	47,490	41,680	-	0.96

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:

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 (₹)
Employee Stock Option plan 2007							
1	31-Oct-08	7.71	2.5	39.11	3.43	43.37	11.34
2	30-Jan-09	7.44	2.5	42.02	3.43	45.61	12.5
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
3 - 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

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 (₹)
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
4 - 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
7 - 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
7 - Tr III	29-Jan-12	8.21 - 8.26	1.24 - 5.48	31.69 - 46.73	1.86	96.63	39.45 - 80.72
8	29-Jan-12	8.21 - 8.26	1.24 - 4.48	31.69 - 43.79	1.86	96.63	27.22 - 52.67
9	29-Jan-12	8.21 - 8.26	1.24 - 3.48	31.69 - 43.79	1.86	96.63	27.22 - 46.62
10	02-May-12	8.21 - 8.25	1.37 - 5.74	31.38 - 47.27	1.86	96.63	27.90 - 56.06
11	01-Aug-12	8.21 - 8.25	1.49 - 5.99	31.76 - 47.01	1.86	110.23	21.93 - 53.00
12 - Tr I	02-Nov-12	8.21 - 8.24	1.74 - 6.24	32.74 - 46.93	1.86	98.74	30.05 - 57.75
12 - Tr II	02-Nov-12	8.21 - 8.24	1.74 - 6.24	32.74 - 46.93	1.86	98.74	30.05 - 57.75
Employee Stock Option Plan 2016							
1 - Tr I	15-Mar-18	6.75	3.5	31.49	0.25	416.86	134.16
1 - Tr II	15-Mar-18	6.75	3.5	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.

Note - 28.1 Credit risk

The Company being a Core 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.

Note - 28.2 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.

Notes to Standalone Ind AS Financial Statements

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

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

Refer Note 21.1 for the summary of maturity profile of undiscounted cashflows of the Company's financial assets and financial liabilities as at reporting period.

The Leverage Ratio is 0.01 as at March 31, 2022 (0.02 as at March 31, 2021) as against the regulatory cap of 2.5.

Note - 28.3 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.

Note - 28.4 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.

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

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

Capital Management

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

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

The Capital Ratio is 942.78% as at March 31, 2022 (626.00% as at March 31, 2021) as against the regulatory minimum of 30%.

Note - 29. Changes in Liabilities arising from Financing Activities

Particulars	March 31, 2021	Cash Flow (adjusted for processing charges)	March 31, 2022
Debt Securities	149.94	(50.00)	99.94

Particulars	March 31, 2020	Cash Flow (adjusted for processing charges)	March 31, 2021
Debt securities	-	149.94	149.94
Borrowings other than debt securities	199.15	(199.15)	-
Total	199.15	(49.21)	149.94

Notes to Standalone Ind AS Financial Statements

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

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, DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 & DoR (NBFC) (PD) CC. No. 117/03.10.001/2020-21 dated August 13, 2020.

These disclosures have been prepared based on standalone Ind AS financial statements in line with Reserve Bank of India notification dated March 13, 2020.

Sl. no.	Particulars	As at March 31, 2022		As at March 31, 2021	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
	Liabilities:				
31.1	Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid:				
(a)	Debentures				
	- Secured	-	-	-	-
	- Unsecured	99.97	-	149.98	-
	(other than falling within the meaning of public deposits *)				
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	-	-	-	-
(d)	Inter-Corporate Loans and Borrowings	-	-	-	-
(e)	Commercial Paper	-	-	-	-
(f)	Other Loans	-	-	-	-
	* Please see Note 1 below				
	Assets:				
31.2	Break-up of Loans and Advances including Bills Receivables [other than those included in (4) below]:				
a)	Secured	-	-	-	-
b)	Unsecured	-	-	-	-
31.3	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	-	-	-	-

Notes to Standalone Ind AS Financial Statements

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

Note - 31.4 Break-up of Investments:

Particulars	As at March 31, 2022	As at March 31, 2021
	Amount outstanding	Amount outstanding
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	1,011.89	1,011.43
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted:		
(i) Shares: (a) Equity	267.95	267.79
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-

Note - 31.5 Borrower group-wise classification of assets financed as in (2) and (3) above:

Category	As at March 31, 2022			As at March 31, 2021		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	-	-	-	-	-	-
Total	-	-	-	-	-	-

Notes to Standalone Ind AS Financial Statements

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

Note - 31.6 Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted):

Category	As at March 31, 2022		As at March 31, 2021	
	Market value / Break up or fair value or NAV (Refer Note 2 below)	Book value (net of provisions)	Market value / Break up or fair value or NAV (Refer Note 2 below)	Book value (net of provisions)
1. Related parties				
(a) Subsidiaries	27,928.35	1,275.15	21,944.18	1,275.15
(b) Companies in the same group	19.10	2.63	15.97	2.63
(c) Other related parties	-	-	-	-
2. Other than related parties	-	-	-	-
Total	27,947.45	1,277.78	21,960.15	1,277.78

Note - 31.7 Other information

Particulars	As at March 31, 2022	As at March 31, 2021
(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	-	-

Note - 31.8 Components of Adjusted Net Worth (ANW) and other related information

Particulars	As at March 31, 2022	As at March 31, 2021
(i) ANW as a % of Risk Weighted Assets	942.78%	626.00%
(ii) Unrealized appreciation in the book value of quoted investments	10,885.73	13,736.62
(iii) Diminution in the aggregate book value of quoted investments	-	0.19
(iv) Leverage Ratio	0.01	0.02

Note - 31.9 Investment in Other CICs

Particulars	As at March 31, 2022	As at March 31, 2021
a. Total amount representing any direct or indirect capital contribution made by one CIC in another CIC (including name of CICs)	-	-
b. Number of CICs with their names wherein the direct or indirect capital contribution exceeds 10% of Owned Funds	-	-
c. Number of CICs with their names wherein the direct or indirect capital contribution is less than 10% of Owned Funds	-	-

Notes to Standalone Ind AS Financial Statements

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

Note - 31.10 Off Balance Sheet Exposure

Particulars	As at March 31, 2022	As at March 31, 2021
i. Off balance sheet exposure	-	-
ii. Financial Guarantee as a % of total off balance sheet exposure	-	-
iii. Non-Financial Guarantee as a% of total off balance sheet exposure	-	-
iv. Off balance sheet exposure to overseas subsidiaries	-	-
v. Letter of Comfort issued to any subsidiary	-	-

Note - 31.11 Investments

Particulars	As at March 31, 2022	As at March 31, 2021
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	1,279.84	1,279.22
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	1,279.84	1,279.22
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

Note - 31.12 Asset Liability Management - Maturity pattern of Assets and Liabilities as of March 31, 2022 (Figure in brackets represents amounts as at March 31, 2021)

Particulars	1 to 7 days	8-14 days	15 to 30/31 days	1-2 months	2-3 months	3-6 months	6months- 1 year	1-3 years	3-5 years	Over 5 years	Total
Advances	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	1,279.84 (1,279.22)	1,279.84 (1,279.22)
Borrowings	-	-	-	-	-	-	50.04 (50.06)	49.93 (99.92)	-	-	99.97 (149.98)
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-

Note - 31.13 Business Ratios

Particulars	As at March 31, 2022	As at March 31, 2021
Return on Equity (RoE) (PAT/Total Equity)	4.68	1.90
Return on Assets (RoA) (PAT/Total Assets)	4.30	1.67
Net profit per employee (₹in crs) (PAT / No. of employees)	27.76	10.86

Notes to Standalone Ind AS Financial Statements

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

Note - 31.14 Provisions and Contingencies (Impairment of financial instruments)

Particulars	2021-22	2020-21
Break up of 'Provisions and Contingencies' (Impairment of financial instruments) shown under the Statement of Profit and Loss		
Investment written off	-	0.05
Provision towards NPA	-	-
Provision made towards Income tax	-	-
Other Provision and Contingencies	-	-
Provision for Standard Assets	-	-

Note - 31.15 Concentration of NPAs

Particulars	Amount	Exposure as a % of total assets
Total Exposure to top five NPA accounts	-	-

Note - 31.16 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture/Subsidiary	Other Partner in the JV	Country	Total Assets
None	Not applicable	Not applicable	Not applicable

Notes:

- Quoted investments are at market value and unquoted investments are at break up/fair value/NAV irrespective of whether they are classified as long term or current in (6) above.
- The company does not have any exposure to real estate sector, both direct and indirect.
- Maturity pattern of assets and liabilities are disclosed in Note 21 and analysis of Financial Assets and Financial Liabilities by remaining contractual maturities are disclosed in Note 21.1

Note - 31.17 Public disclosure on liquidity risk

(i) Funding concentration based on significant counterparty (both deposits and borrowings)

Sl. No	No. of significant counterparties	Amount	% of Total Deposits	% of Total Liabilities
1	1	100	NA	96.39%

(ii) Top 20 large deposits (amount and % of total deposits) – Not applicable

(iii) Top 10 borrowings (amount and % of total borrowings) – ₹100 crore and 100%

(iv) Funding concentration based on significant instrument / product

Sl. No.	Name of the instrument / product	Amount	% of Total liabilities
1	Unsecured, Redeemable, Non-cumulative, Taxable, Non-convertible Debentures	100	96.39%
	Total	100	96.39%

Notes to Standalone Ind AS Financial Statements

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

(v) Stock ratios:

(a)	Commercial papers as a % of total public funds, total liabilities and total assets	
	Commercial Papers as a % of total public funds	0.00%
	Commercial Papers as a % of total liabilities	0.00%
	Commercial Papers as a % of total assets	0.00%
(b)	Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets	
	Non-convertible debentures (original maturity of less than one year) as a % of total public funds	0.00%
	Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	0.00%
	Non-convertible debentures (original maturity of less than one year) as a % of total assets	0.00%
(c)	Other short-term liabilities, if any, as a % of total public funds, total liabilities and total assets	
	Other Short-term liabilities as a % of total public funds	2.59%
	Other Short-term liabilities as a % of total liabilities	2.50%
	Other Short-term liabilities as a % of total assets	0.20%

(vi) Institutional set-up for liquidity risk management:

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.

Note - 32. Details of group entities that are not consolidated in the CFS

Name of the Entity	Type of business	Size of Assets (As at March 31, 2022)	Size of Assets (As at March 31, 2021)	Debt Equity Ratio (As at March 31, 2022)	Debt Equity Ratio (As at March 31, 2021)	PAT		Type of exposure in the entity
						2021-22	2020-21	
Coromandel Engineering Co. Ltd.	Construction Service	#	88.00	#	(7.54)	#	(7.98)	Equity Investment
Carborundum Universal Limited	Manufacturing	2,269.84	1,845.65	0.10	-	254.50	184.00	Equity Investment
Kartik Investments Trust Limited	Financial Services	#	3.77	#	-	#	(0.02)	Equity Investment
Murugappa Management Services Private Limited	Service	#	69.06	#	-	#	0.85	Equity Investment

The financial statements of these entities are not approved for the financial year 2021-22 as at the adoption of financial statements of the Company viz. May 11, 2022, and hence the information could not be updated.

Notes to Standalone Ind AS Financial Statements

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

Note - 33. Additional Disclosures Under Schedule III Division III

Note - 33.1. Part I - Ageing Analysis

Note - 33.1.1. Trade Payables ageing as at March 31, 2022 (figures in brackets represents aging as at March 31, 2021)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro and Small Enterprises	-	-	-	-	-
(ii) Others	0.60	-	-	-	0.60
(iii) Disputed dues – Micro and Small Enterprises	(0.62)	-	-	-	(0.62)
(iv) Disputed dues - Others	-	-	-	-	-
Total	0.60	-	-	-	0.60
	(0.62)	-	-	-	(0.62)

As at March 31, 2022 and March 31, 2021 there is no interest paid or payable to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. This Information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note - 33.2. Part II – Other disclosures

- 33.2.1. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder
- 33.2.2. The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority
- 33.2.3. As per the information available with the Company, the Company has no transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956
- 33.2.4. There has been no charges or satisfaction yet to be registered with ROC beyond the statutory period
- 33.2.5. The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate beneficiaries)
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Company has not traded or invested in Crypto currency or Virtual Currency during the financial year ended March 31, 2022.

Note - 34. Events after reporting date

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

Notes to Standalone Ind AS Financial Statements

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

Note - 35. Prior Period Comparatives

Previous year figures have been regrouped / re-classified wherever necessary to conform to current year's classification.

As per our report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Firm Regn No.109983W

Tirtharaj Khot

Partner

Membership No: (F) - 037457

Date : May 11, 2022

Place : Chennai

For and on behalf of the Board of Directors

Sridharan Rangarajan

Director

DIN:01814413

E Krithika

Company Secretary

M M Murugappan

Chairman

DIN:00170478

N Ganesh

Manager & Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of Cholamandalam Financial Holdings Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Cholamandalam Financial Holdings Limited** (hereinafter referred to as the "Company" / "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures, which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated 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 / consolidated financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at 31 March 2022, the consolidated profit and consolidated

total comprehensive income, its consolidated cash flows and consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated 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 Financial Statements' section of our report.

We are independent of the Group, its associates and joint ventures in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate with respect to the Holding Company.

We have reproduced the key audit matters determined and communicated by the auditors of two subsidiary companies in their audit reports.

A. In connection with the Subsidiary Company – Cholamandalam Investments and Finance Company Limited ('CIFCL')

Key audit matter description	How audit addressed the key audit matter
<p>Assessment of impairment loss allowance based on expected credit loss (ECL) on Loans (Refer Note 11 of the consolidated financial statements)</p> <p>The loan balances towards vehicle finance, home loans, loans against property, and other loans aggregating to ₹76,473.39 crores and the associated impairment allowances aggregating to ₹2,328.68 crores are significant to the consolidated financial statements and involves judgement around the determination of the impairment allowance in line with the requirements of the Ind AS 109 “Financial Instruments”.</p> <p>Impairment allowances represent management’s estimate of the losses incurred within the loan portfolios at the balance sheet date and are inherently judgmental. Impairment, based on ECL model, is calculated using main variables, viz. ‘Staging’, ‘Exposure At Default’, ‘Probability of Default’ and ‘Loss Given Default’ as specified under Ind AS 109.</p> <p>Quantitative factors like days past due, behaviour of the portfolio, historical losses incurred on defaults and macro-economic data points identified by the management’s expert and qualitative factors like nature of the underlying loan, deterioration in credit quality, correlation of macro-economic variables to determine expected losses, uncertainty over realisability of security, judgement in relation to management overlays and related Reserve Bank of India (‘RBI’) guidelines, to the extent applicable, etc., have been taken into account in the ECL computation.</p> <p>Given the inherent judgmental nature and the complexity of model involved, we determined this to be a Key Audit Matter.</p>	<p>The audit procedures performed by us to assess appropriateness of the impairment allowance based on ECL on loans included the following:</p> <ul style="list-style-type: none"> • We understood and evaluated the design and tested the operating effectiveness of the key controls put in place by the management over: <ul style="list-style-type: none"> i. the assumptions used in the calculation of ECL and its various aspects such as determination of Probability of Default, Loss Given Default, Exposure At Default, Staging of Loans, etc.; ii. the completeness and accuracy of source data used by the Management in the ECL computation; and iii. ECL computations for their reasonableness. • We, along with the assistance of the auditor’s expert, verified the appropriateness of methodology and models used by the company and reasonableness of the assumptions used within the computation process to estimate the impairment provision. • We test-checked the completeness and accuracy of source data used. • We recomputed the impairment provision for a sample of loans across the loan portfolio to verify the arithmetical accuracy and compliance with the requirements of Ind AS 109. • We evaluated the reasonableness of the judgement involved in management overlays that form part of the impairment provision, and the related approvals. • We evaluated the adequacy of presentation and disclosures in relation to impairment loss allowance in the consolidated financial statements.
<p>Assessment of Direct tax and Indirect tax litigations and related disclosure of contingent liabilities (Refer to Note 41 of the consolidated financial Statements)</p> <p>As at March 31, 2022, the company has exposure towards litigations relating to various tax matters as set out in the aforesaid Note.</p> <p>Significant management judgement is required to assess matters relating to direct tax and indirect tax litigations, to determine the probability of occurrence of material outflow of economic resources and whether a provision should be recognised or a disclosure should be made. The management judgement is also supported with legal advice in certain cases as considered appropriate.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We understood, assessed and tested the design and operating effectiveness of key controls surrounding assessment of litigations relating to direct and indirect tax laws and regulations ; • We inquired with management the recent developments and the status of the material litigations which were reviewed and noted by the Audit Committee; • We performed our assessment on a test check basis on the underlying calculations supporting the contingent liabilities related to litigations disclosed in the consolidated financial statements;

Key audit matter description	How audit addressed the key audit matter
<p>As the ultimate outcome of the matters are uncertain and the positions taken by the management are based on the application of their best judgement, related legal advice including those relating to interpretation of laws/regulations, it is considered to be a Key Audit Matter.</p>	<ul style="list-style-type: none"> • We used auditor's expert to gain an understanding and to evaluate the disputed tax matters; • We considered external legal opinions, where relevant, obtained by management and examined by the auditor's expert; • We obtained the listings from the management and got it reconfirmed from management's consultants; <p>We evaluated the adequacy of presentation and disclosures in relation to litigations in the consolidated financial statements.</p>
<p>Audit in an Information Technology ('IT') enabled environment – including considerations on exceptions identified in IT Environment</p> <p>The IT environment of the entity involves a few independent and inter-dependent IT systems used in the operations of the entity for processing and recording of the business transactions. As a result, there is a high degree of reliance and dependency on such IT systems for the financial reporting process of the entity.</p> <p>Appropriate IT general controls and IT application controls are required to ensure that such IT systems can process the data as required, completely, accurately, and consistently for reliable financial reporting.</p> <p>We have identified certain key IT applications and the related IT infrastructure (herein after referred to as "In-scope IT systems"), which have an impact on the financial reporting process and the related controls as a key audit matter because of the increased level of automation; a few systems being used by the entity for processing financial transactions; and the complexity of the IT architecture; and its impact on the financial records and financial reporting process of the entity.</p>	<p>Our audit procedures with respect to this matter included the following:</p> <p>In assessing the controls over the IT systems, we have involved our Technology Assurance specialists to obtain an understanding of the IT environment, IT infrastructure and IT systems.</p> <p>With respect to the "In-scope IT systems" identified as relevant to the audit of the financial statements and financial reporting process of the entity, we have evaluated and tested relevant IT general controls or relied upon service auditor's report, where applicable.</p> <p>On such "In-scope IT systems", we have covered the key IT general controls with respect to the following domains:</p> <ul style="list-style-type: none"> • Program change management, which includes that program changes are moved to the production environment as per defined procedures and relevant segregation of environment is ensured. • User access management, which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties to ensure that privileged access to applications, operating system and databases in the production environment were granted only to authorized personnel. • Other areas that were assessed under the IT control environment included backup management, business continuity and disaster recovery, incident management, batch processing and monitoring. <p>We have also evaluated the design and tested the operating effectiveness of key IT application controls within key business processes, which included testing automated calculations, automated accounting procedures, system interfaces, system reconciliation controls and key system generated reports, as applicable.</p> <p>Where control deficiencies have been identified, we have tested compensating controls or performed alternative audit procedures, where necessary.</p>

B. In connection with the Subsidiary Company – Cholamandalam MS General Insurance Company Limited ('CMSGICL')

Key audit matter description	How audit addressed the key audit matter
<p>Valuation of investments</p> <p>(Refer note 5.2 and 12B of the consolidated financial statements)</p> <p>We have considered this area as a Key Audit matter since the carrying value of investments as at 31 March 2022 was ₹11,441.59 crores which is approximately 91% of total assets of the company. The assessment of the value of investments as on the reporting date involves significant judgement by the management of the company which can materially impact the impairment loss, if any and the carrying value of investments.</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 regulations. • Assessed the adequacy of internal controls, evaluated the design and tested the operating effectiveness of such controls for initial recognition, measurement, subsequent valuation and disclosure of investments as on the reporting date as per applicable regulations. • Verified the investment transactions 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 valuation of investments and independently reperformed the valuation check on a sample basis to confirm their appropriateness. • 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 realisation of investment value by considering publicly available information about the investee entities, directions issued by their regulators, Government of India and IRDAI. Reviewed the basis of assessment used by 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.
<p>Valuation of outstanding claims ("OC") including claims incurred but not reported ("IBNR") and claims incurred but not enough reported ("IBNER") (Refer Note 5.8, 5A(vi) and 22 of the consolidated financial statements)</p> <p>We considered this as a key audit matter because the valuation of OC including IBNR and IBNER are significant in magnitude and requires use of judgements and estimates. OC including IBNR/IBNER are estimates for settlement of claims in future which are impacted by number of factors which includes the trends in severity of historical claims, frequency of historical claims and IRDAI regulations. In particular, the claims arising from death or disability covered under motor insurance contracts involves complex and</p>	<ul style="list-style-type: none"> • Assessed and tested the operating effectiveness of key controls relating to the claims handling and reserving process, including controls over completeness and accuracy of the claim estimates recorded; • 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; • Evaluated the competence, objectivity and independence of the Actuary appointed by the management of the company to review the adequacy of OC including IBNR and IBNER;

Key audit matter description	How audit addressed the key audit matter
<p>subjective judgements about future events, both internal and external to the business, for which small changes in assumptions can materially impact the valuation of these liabilities.</p> <p>Total OC including IBNR and IBNER provisions amounts to ₹7,004.60 crores (net of RI recoveries) as on March 31, 2022.</p>	<ul style="list-style-type: none"> • Tested the completeness and accuracy of underlying insurance data provided by the management of the company to the Appointed Actuary on a sample basis; • Assessed the adequacy of company's related disclosures by reference to relevant accounting standards and IRDAI regulations
<p>Contingent Liabilities:</p> <p>(Included in Note 41 of the consolidated financial statements)</p> <p>Total contingent liabilities as at 31 March 2022 is ₹ 566.99 crores We have considered this as a key audit matter because the company has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p>	<ul style="list-style-type: none"> • Reviewed the details of pending tax demands as at March 31, 2022. • Reviewed company's correspondences with tax authorities, legal counsels, grounds of appeal filed with various appellate authorities and industry position on various tax disputes. • Verified the adequacy of disclosures in the financial statements in this respect.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Board of Directors of the Holding Company is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report and Management Discussion and Analysis including Form AOC-1, General Shareholders Information and Business Responsibility report, but does not include the consolidated financial statements and our report thereon.

Our opinion on the consolidated 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The Board of Directors of the Holding Company is responsible for the preparation and presentation of

these consolidated 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, consolidated total comprehensive income, consolidated cash flows and consolidated changes in equity of the Group, its associates and joint ventures in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards. The respective Board of Directors of the companies included in the Group, its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its associates and joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group, its associates and joint ventures

are responsible for assessing the ability of the Group, its associates and joint ventures 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.

The respective Board of Directors of the companies included in the Group, its associates and joint ventures are responsible for overseeing the financial reporting process of the Group, its associates and joint ventures.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal financial controls over financial reporting 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 have adequate internal financial controls over financial reporting system in place with reference to the consolidated

financial statements 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 the management of the Holding Company.
- 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, its associates and joint ventures 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 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, its associates and joint ventures to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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, its associates and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of the Holding Company included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the 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.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We

consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

Other matters

a. The consolidated financial statements include the financial statements of four subsidiaries, which have been audited by other auditors, whose financial statements reflect total assets of ₹97,859.46 crores as at 31 March 2022, total revenue of ₹16,265.10 crores, net profit after tax of ₹2,255.48 crores, total comprehensive income of ₹2,341.54 crores and net cash inflows of ₹1,201.18 crores for the year ended 31 March 2022 respectively. These financial statements have been audited by other auditors whose reports have been furnished to us by the management of the Holding Company, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to these subsidiaries, is based solely on the reports of the other auditors.

Out of the above, the financial information of CMSGICL (the "Subsidiary") have been prepared in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under section 133 of the Companies Act, 2013 read with relevant rules and the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999 (as amended), 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') ('Statutory GAAP') and have been audited by other auditors. The other auditors of this subsidiary in their report have reported that they have relied on the estimate of the Subsidiary's management which has taken into consideration the appointed actuary's certificate on estimated claims Incurred but Not Reported ('IBNR') and claims Incurred but Not Enough Reported ('IBNER'), including share of liability towards Motor Pool up to 2011. The appointed actuary has certified that the assumptions used for such valuation are in accordance with the Insurance Act, 1938 (as amended) and the regulations issued by the IRDAI and Institute of Actuaries of India in concurrence with IRDAI.

The management of the Subsidiary has converted the financial statements from Statutory GAAP to comply with the recognition and measurement principles of Ind AS, including liability adequacy test as per Ind AS 104 'Insurance Contracts' based on the appointed actuary's certificate. Our opinion in so far as it relates to the balances and affairs of the Subsidiary is based on the reports of such auditors, reliance on the appointed actuary's certificate and the conversion adjustments prepared by the management of the Subsidiary and audit opinion by one of the joint auditors of the Subsidiary.

b. The consolidated financial statements include the Group's share of profit after tax of ₹2.51 crores and total comprehensive income of ₹2.51 crores for the year ended 31 March 2022, in respect of joint venture, whose financial statements have not been audited by us. The financial statements of the joint venture have been audited by other auditor whose report has been furnished to us by the Holding

Company's management and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of the joint venture, and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the joint venture, is based solely on the report of the other auditor.

- c. The audited consolidated financial statements include the Group's share of net loss after tax of ₹5.38 crores and total comprehensive loss of ₹5.38 crores for the year ended 31 March 2022, as considered in the audited consolidated financial statements, in respect of three associate companies and a joint venture respectively, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Holding Company's management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these associates and joint venture and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid associates and joint venture, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management of the Holding Company, these financial statements are not material to the Group.
- d. The comparative consolidated financial statements of the Group, its associates and joint ventures presented in the consolidated financial statements are for the year ended 31 March 2021 which was audited by the predecessor auditor who had issued unmodified audit report dated 14 May 2021.

Our opinion on the consolidated financial statements and Report on Other Legal and Regulatory Requirements given below are not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we report that there are no qualifications or adverse remarks included by the respective auditors in their CARO 2020 reports issued in respect of the standalone financial statements of the companies which are included in these Consolidated Financial Statements.
2. As required by Section 143(3) of the Act, based on our audit we report to the extent applicable 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 of the aforesaid consolidated financial statements;
 - (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - (c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - (d) in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act and 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 31 March 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries and a joint venture, incorporated in India none of the directors of the Holding Company, its subsidiaries and a joint venture is disqualified as on 31 March 2022 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 and the operating effectiveness of such controls with reference to consolidated financial Statements of the Holding Company, its subsidiaries and a joint venture, incorporated in India, refer to our separate Report in "Annexure A"

- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, associates and joint ventures incorporated in India, the managerial remuneration for the year ended 31 March 2022 has been paid / provided by the Holding Company, its subsidiaries, associates and joint ventures incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act
- (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. the consolidated financial statements disclose the impact, if any, of pending litigations on its consolidated financial position of the Group, its associates and joint ventures in its consolidated financial statements – Refer Note 41 to the Consolidated Financial Statements;
 - ii. provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on longterm contracts including derivative contracts as at 31 March 2022 – Refer Note 7 to the consolidated financial statements in respect of such items as it relates to the Group, its associates and joint ventures;
 - iii. there were no amounts due which were required to be transferred to the Investor Education and Protection Fund by the Holding Company. Based on the reports of other auditors, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the subsidiaries and a joint venture, incorporated in India during the year ended 31 March 2022;
 - iv. a) the respective managements of the Holding Company, its subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and to the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of its subsidiaries, associates and joint ventures to or in any other person(s) or entity(ies), including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries, associates and joint ventures ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) the respective managements of the Holding Company, its subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and to the other auditors of such subsidiaries, associates and joint ventures respectively, that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or any of its subsidiaries, associates and joint ventures from any person(s) or entity(ies), including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of its subsidiaries, associates and joint ventures shall, whether, directly or indirectly, lend or invest in other persons or entities

- identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c) based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors’ notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. a) the dividend declared and paid by the Holding Company during the year is in accordance with Section 123 of the Act; and
- b) Based on the reports of other auditors, of the subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act, dividend declared and paid during the year is in compliance with section 123 of the Act.

For Sharp & Tannan Associates
Chartered Accountants
(Firm’s Registration No. 109983W)

Tirtharaj Khot
Partner

Place : Chennai
Date : May 11, 2022

Membership No. (F) 037457
UDIN: 22037457AIUCQI4588

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Cholamandalam Financial Holdings Limited of even date)

Independent Auditors' Report on the Internal Financial Controls over financial reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Cholamandalam Financial Holdings Limited ("the Holding Company") as of 31 March 2022 and its subsidiaries, its associates and joint ventures, which are companies incorporated in India, as of that date in conjunction with our audit of the consolidated financial statements of the Holding Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiaries, associates and joint ventures to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting with reference to the consolidated financial statements based on our audit. Our audit is conducted in accordance with the Guidance Note on Audit of

Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing 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 with reference to the consolidated 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 system over financial reporting with reference to the consolidated 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, 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 consolidated 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 Holding Company's 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 the consolidated 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 consolidated 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 consolidated 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 and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiaries, associates and joint ventures which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2022, 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

Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy and operating effectiveness of the internal financial controls with reference to financial statements is not applicable to 3 associates and 1 joint venture incorporated in India namely Paytail Commerce Private Limited, Vishvakarma Payments Private Limited, White Data System India Private Limited (Associates) and Payswiff Technologies Private Limited (Joint venture) pursuant to notification no. GSR 583(E) dated 13 June 2017 of Ministry of Corporate Affairs.

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to four subsidiaries and a joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.

For Sharp & Tannan Associates
Chartered Accountants
(Firm's Registration No. 109983W)

Tirtharaj Khot
Partner

Place : Chennai
Date : May 11, 2022

Membership No. (F) 037457
UDIN: 22037457AIUCQI4588

Consolidated Ind AS Balance Sheet

As at March 31, 2022

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

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Financial Assets			
Cash and Cash Equivalents	6A	2,801.42	1,602.48
Bank balances other than Cash and Cash Equivalents	6B	2,646.58	4,601.40
Derivative financial instruments	7	186.53	45.87
Receivables			
i) Trade Receivables	8	71.31	56.60
ii) Other Receivables	8	84.04	38.72
iii) Insurance Contract Assets	9	291.21	279.72
iv) Reinsurance Assets	10A	874.16	780.28
Loans	11	74,144.71	65,839.34
Investment in Associates & Joint Venture	12A	494.04	37.15
Other Investments	12B	12,788.05	11,640.87
Other Financial Assets	13	528.83	702.97
		94,910.88	85,625.40
Non- Financial Assets			
Current tax assets (Net)		452.71	320.40
Deferred tax assets (Net)	14	869.27	973.35
Goodwill on Consolidation		42.72	42.72
Investment Property	15	28.96	28.96
Intangible Assets under development		14.32	9.91
Property, Plant and Equipment	16	356.72	336.07
Capital Work in Progress		26.13	-
Intangible Assets	17	36.08	39.01
Reinsurance Assets	10B	829.38	719.27
Other Non-Financial Assets	18	205.10	520.47
		2,861.39	2,990.16
TOTAL ASSETS		97,772.27	88,615.56
EQUITY AND LIABILITIES			
Financial Liabilities			
Derivative financial instruments	7	169.56	127.42
Payables			
(I) Trade Payables			
i) Total outstanding dues of micro and small enterprises	37	3.24	0.04
ii) Total outstanding dues of creditors other than micro and small enterprises		295.51	285.66
(II) Other Payables			
i) Total outstanding dues of micro and small enterprises		-	-

Consolidated Ind AS Balance Sheet

As at March 31, 2022

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

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ii) Total outstanding dues of creditors other than micro and small enterprises		744.99	542.11
(III) Other Insurers			
i) Total outstanding dues of micro and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		452.51	404.93
Debt Securities	19	13,410.80	12,487.26
Borrowings (Other than Debt Securities)	20	52,004.52	47,182.26
Subordinated Liabilities	21	3,813.26	4,127.63
Insurance Contract Liabilities	22	7,930.67	7,273.36
Other Financial Liabilities	22A	536.13	511.26
		79,361.19	72,941.93
Non-Financial Liabilities			
Current tax Liabilities (Net)		1.08	48.07
Deferred tax Liabilities (Net)		0.74	-
Provisions	23	139.47	127.56
Insurance Contract Liabilities	24	4,581.13	4,091.61
Other Non-Financial Liabilities	24	59.89	47.65
		4,782.31	4,314.89
Equity			
Equity share capital	25	18.77	18.77
Other Equity	26	6,426.92	5,367.17
		6,445.69	5,385.94
Non Controlling Interest	46	7,183.08	5,972.80
		13,628.77	11,358.74
TOTAL EQUITY AND LIABILITIES		97,772.27	88,615.56
Summary of significant accounting policies	5		

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

As per our report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Firm Regn No.109983W

Tirtharaj Khot

Partner

Membership No: (F) - 037457

Place : Chennai

Date : May 11, 2022

Sridharan Rangarajan

Director

DIN:01814413

E Krithika

Company Secretary

For and on behalf of the Board of Directors

M M Murugappan

Chairman

DIN:00170478

N Ganesh

Manager & Chief Financial Officer

Consolidated Ind AS Statement of Profit and Loss

For the year ended March 31, 2022

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

Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from Operations			
- Interest Income	27A	10,250.68	9,886.37
- Dividend Income	27D	4.23	1.74
- Gross Premium	27C	4,617.86	4,144.38
Premium ceded to reinsurers		(1,182.33)	(943.11)
Net Premium		3,435.53	3,201.27
- Fee & Commission income	27B	800.76	536.17
- Net gain on Fair value change on financial instruments	27E	67.60	194.23
- Service Income	27F	84.75	80.37
Total Revenue from operations (I)		14,643.55	13,900.15
Other income (II)	28	91.43	60.69
Total Income (III) = (I) + (II)		14,734.98	13,960.84
Expenses			
- Finance costs	29	4,327.87	4,607.82
- Insurance Claims (net of re-insurance)	30	2,356.06	2,379.77
- Impairment of Financial Instruments	31	835.83	1,489.19
- Employee benefits expense	32	1,354.31	1,189.58
- Depreciation and amortisation expense	16,17	154.16	145.47
- Other expenses	33	2,663.19	1,748.73
Total Expenses (IV)		11,691.42	11,560.56
Profit before tax (V) = (III) - (IV)		3,043.56	2,400.28
Tax expense/(benefit)			
Current tax			
- Pertaining to profit for the current year		720.19	896.30
- Adjustment of tax relating to earlier years		0.68	3.92
Deferred tax	14	80.46	(263.84)
Net tax expense (VI)		801.33	636.38
Profit before share of profit/(loss) of Associates & Joint Venture - A = (V) - (VI)		2,242.23	1,763.90
Share of profit/(loss) of associates & Joint venture (net) - after tax (B)		(2.87)	0.32
Profit for the year - (C) = (A) + (B)		2,239.36	1,764.22
Other Comprehensive income-Gain/(Loss)			
i) Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains and (losses) on defined benefit obligations		(0.30)	(1.74)
Tax on above adjustments		0.07	0.43
Net gain/(loss) on FVTOCI equity securities		17.09	6.49
Tax on above adjustments		(1.45)	(0.38)

Consolidated Ind AS Statement of Profit and Loss

For the year ended March 31, 2022

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

Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
ii) Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net gain/(loss) on FVTOCI debt securities		(66.77)	(47.17)
Tax on above adjustments		16.81	11.87
Cashflow Hedge Reserve		161.96	(45.21)
Tax on above adjustments		(40.77)	11.38
Other comprehensive income/(loss) for the year, net of tax (D)		86.64	(64.33)
Total comprehensive income for the year, net of tax (C + D)		2,326.00	1,699.89
Profit for the year attributable to			
Equity holders of the parent		1,023.07	824.64
Non-controlling interest		1,216.29	939.58
Other comprehensive income for the year, net of tax attributable to			
Equity holders of the parent		32.34	(34.14)
Non-controlling interest		54.30	(30.19)
Total comprehensive income for the year, net of tax attributable to			
Equity holders of the parent		1,055.41	790.50
Non-controlling interest		1,270.59	909.39
Earnings per equity share of ₹1 each			
- Basic (₹)		54.50	43.93
- Diluted (₹)		54.49	43.93
Summary of significant accounting policies	5		

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

As per our report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Firm Regn No.109983W

Tirtharaj Khot

Partner

Membership No: (F) - 037457

Place : Chennai

Date : May 11, 2022

Sridharan Rangarajan

Director

DIN:01814413

E Krithika

Company Secretary

For and on behalf of the Board of Directors

M M Murugappan

Chairman

DIN:00170478

N Ganesh

Manager & Chief Financial Officer

Consolidated Ind AS Statement of Changes in Equity

For the year ended March 31, 2022

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

a) Equity Share Capital

Particulars	2021-22	2020-21
Balance as at beginning of the year	18.77	18.77
Changes in equity share capital during the year	0 *	0 **
Balance as at end of the year	18.77	18.77

* Shares amounting to ₹19,910 issued during the year

** Shares amounting to ₹6,952 issued during the year

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, 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	(71.78)	9,474.23	5,111.31	4,571.81
Transfer to retained earnings	-	-	-	-	-	-	-	-	1,764.22	-	-	-	1,764.22	939.58	824.64
Other Comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	(1.31)	-	(29.19)	(33.83)	(64.33)	(30.19)	(34.14)
Changes during the period	(0.10)	-	-	-	-	-	9.49	-	-	5.63	-	-	15.02	8.12	6.95
Adjustments on account of change in equity interest in subsidiaries	-	-	-	-	(0.07)	-	-	-	-	-	-	-	(0.07)	2.06	(2.09)
Dividend including tax	-	-	-	-	-	-	-	-	(56.08)	-	-	-	(56.08)	(56.08)	-
Transfer to reserves from retained earnings during the year	-	314.35	-	-	-	-	-	902.96	(1,214.35)	(2.96)	-	-	-	-	-
Closing balance as at March 31, 2021	-	1,643.99	20.01	39.15	(62.78)	20.00	2,299.38	4,893.69	2,379.30	32.84	(28.98)	(105.61)	11,130.99	5,972.80	5,367.17
Transfer to retained earnings	-	-	-	-	-	-	-	-	2,239.36	-	-	-	2,239.36	1,216.29	1,023.07

Consolidated Ind AS Statement of Changes in Equity

For the year ended March 31, 2022

(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	Total
Other Comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	(0.23)	-	-	121.19	86.64	54.30	32.34	
Changes during the period	-	-	-	-	-	23.54	-	-	20.48	-	-	44.02	23.66	20.36	
Adjustments on account of change in equity interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	5.63	(5.73)	
Dividend including tax	-	-	-	-	-	-	-	(99.89)	-	-	-	(99.89)	(89.60)	(10.29)	
Transfer to reserves from retained earnings during the year	-	441.11	-	-	-	-	-	1,050.00	(1,491.11)	-	-	-	-	-	
Closing balance as at March 31, 2022	-	2,085.10	20.01	39.15	(62.78)	20.00	2,322.92	5,943.69	3,027.43	53.32	(63.30)	15.58	13,401.12	7,183.08	6,426.92

Summary of Significant Accounting Policies - Note 5

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

As per our report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Firm Regn No.109983W

Tirtharaj Khot

Partner

Membership No: (F) - 037457

Sridharan Rangarajan

Director

DIN:01814413

E Krithika

Company Secretary

M M Murugappan

Chairman

DIN:00170478

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, 2022

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash Flow from Operating Activities		
Profit Before Tax	3,043.56	2,400.28
Adjustments for:-		
Depreciation and amortisation expense	154.16	145.47
Impairment of financial instruments	835.43	1,433.25
Finance Costs	4,327.87	4,607.82
(Profit) / Loss on Sale of Property plant and equipment (Net)	(0.12)	0.20
Net gain on fair value change in financial instruments	(67.60)	(194.23)
Interest Income on deposits and investments	(925.65)	(1,009.16)
Dividend on Investments	(4.23)	(1.74)
Interest on Income tax refund	(6.63)	(3.78)
Short Term Rent Concessions	(1.12)	-
Share based payment expense	20.48	5.64
	4,332.59	4,983.47
Operating Profit Before Working Capital Changes	7,376.15	7,383.75
Adjustments for :-		
(Increase)/Decrease in operating Assets		
- Loans	(9,185.31)	(11,765.72)
- Receivables	(62.24)	(32.11)
- Insurance assets	(215.47)	(232.03)
- Other Financial Assets	230.85	(112.00)
- Purchase / Sale / Maturity of Other Investments (Net)	(1,508.90)	(2,753.48)
- Other Non Financial Assets	313.66	(4.60)
	(10,427.41)	(14,899.94)
Increase/(Decrease) in operating liabilities		
- Trade Payables	280.40	371.29
- Other Financial liabilities	29.73	148.66
- Provisions	14.77	19.97
- Insurance Contracts liabilities	1,128.89	1,719.43
- Other Non-Financial liabilities	12.33	0.17
Cash Flow generated/(used in) Operations	(1,585.14)	(5,256.67)
Finance Costs paid	(4,154.95)	(4,571.41)
Interest Received on deposits and investments	902.87	945.72
Dividend received	4.23	1.74
Income tax paid (Net of refunds)	(905.49)	(838.54)
Net Cash generated/(used in) Operating Activities (A)	(5,738.48)	(9,719.16)

Consolidated Ind AS Cash Flow Statement

For the year ended March 31, 2022

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment and Intangible Assets	(114.99)	(64.14)
Capital Work in Progress	(23.03)	-
Proceeds from sale of property, plant and equipment & Intangible Assets	2.54	2.07
Net Cash generated/(used in) from Investing Activities (B)	(135.48)	(62.07)
Cash Flow from Financing Activities		
Proceeds from issue of Share Capital (Including Securities Premium)	23.75	9.58
Proceeds from issue of debt securities	9,501.40	18,910.73
Redemption of Debt securities	(8,484.26)	(13,746.71)
Borrowing - Other than debt securities	25,206.31	48,232.65
Repayment of borrowing - Other than debt securities	(20,599.69)	(44,491.91)
Proceeds from issue of subordinated liabilities	545.00	145.00
Repayment of subordinated liabilities	(872.70)	(346.50)
Payment of Lease Liabilities	(83.04)	(82.21)
	5,236.77	8,630.63
Investment in Fixed Deposits (Net of withdrawals)	1,936.26	(884.20)
Dividends Paid (Including Distribution Tax)	(100.13)	(58.41)
Net Cash Flow generated/(used in) From Financing Activities (C)	7,072.90	7,688.02
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	1,198.94	(2,093.21)
Cash and Cash Equivalents at the Beginning of the year	1,602.48	3,695.69
Cash and Cash Equivalents at the End of the year	2,801.42	1,602.48

Summary of Significant Accounting Policies - Note 5

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

As per our report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Firm Regn No.109983W

Tirtharaj Khot

Partner

Membership No: (F) - 037457

Place : Chennai

Date : May 11, 2022

Sridharan Rangarajan

Director

DIN:01814413

E Krithika

Company Secretary

For and on behalf of the Board of Directors

M M Murugappan

Chairman

DIN:00170478

N Ganesh

Manager & Chief Financial Officer

Notes to Consolidated Ind AS Financial Statements

Note - 1 Corporate Information

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

Pursuant to a scheme of arrangement (“the Scheme”) the manufacturing business undertaking of the Company was vested in / transferred to Tube Investments of India Limited (“the Resulting Company”) vide the order of the National Company Law Tribunal, Chennai (“NCLT”) dated July 17, 2017. The Scheme had an appointed date of April 1, 2016 and came into effect from August 1, 2017. The Company has obtained certificate of registration as a Core Investment Company from Reserve Bank of India (‘RBI’) on January 06, 2020.

The Company undertakes financial services business through its Subsidiaries - Cholamandalam MS General Insurance Company Limited for general insurance business and Cholamandalam Investment and Finance Company Limited (and its subsidiaries) for lending operations, stock broking, depository and equity research services to retail, corporate and institutional clients and distribution of financial products like insurance, mutual funds, fixed deposits and bonds. Risk advisory services is carried out through a joint venture entity Cholamandalam MS Risk Services Limited. The Company and its Subsidiaries are together referred to as “the Group”

The Consolidated Ind AS Financial Statements are presented in Indian Rupees which is also functional currency of the Group and all values are rounded to the nearest crore, except when otherwise indicated.

The Consolidated Ind AS Financial Statements were authorised for issue in accordance with a resolution of the directors on May 11, 2022.

Note - 2 Basis of Consolidation

The Consolidated Ind AS Financial Statements comprise the financial statements of the Company, its subsidiaries (being the entities that it controls (including de facto control) its Associate and Joint Venture as at March 31, 2022. 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:

- (i) The contractual arrangement with the other vote holders of the investee.
- (ii) Rights arising from other contractual arrangements.
- (iii) The Group’s voting rights and potential voting rights.
- (iv) 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 off during the year are included in the Consolidated Ind AS Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

The Financial Statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

Notes to Consolidated Ind AS Financial Statements

Consolidation procedure:

- (i) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Ind AS Financial Statements at the acquisition date.
- (ii) 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.
- (iii) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as fixed assets, are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the Consolidated Ind AS Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

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

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

Cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the

unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

If the Group loses control over a subsidiary, it:

- (i) Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- (ii) Derecognises the carrying amount of any non-controlling interests.
- (iii) Derecognises the cumulative translation differences recorded in equity.
- (iv) Recognises the fair value of the consideration received.
- (v) Recognises the fair value of any investment retained.
- (vi) 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 off the related assets or liabilities.

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

Investments in Associate and Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

Notes to Consolidated Ind AS Financial Statements

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

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

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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

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

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

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

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, 2022	March 31, 2021
Subsidiary - Cholamandalam Investment and Finance Company Limited (CIFCL)	45.41%	45.47%
Subsidiaries of CIFCL		
Cholamandalam Home Finance Limited (CHFL)	100.00%	100.00%
Cholamandalam Securities Limited (CSEC)	100.00%	100.00%
Associate of CIFCL		
White Data Systems India Private Limited	30.87% #	30.87% #
Vishvakarma Payments Private Limited (w.e.f. March 30, 2021)	21.00% #	21.00% #
Paytail Commerce Private Limited	16.29% #	-

Notes to Consolidated Ind AS Financial Statements

Name of the Company	Percentage of voting Power as on	
	March 31, 2022	March 31, 2021
Joint Venture of CIFCL		
Payswiff Technologies Private Limited **	73.82% #	-
Subsidiary – Cholamandalam MS General Insurance Company Limited (CMSGICL)	60.00%	60.00%
Joint Venture – Cholamandalam MS Risk Services Limited (CMSRSL)	49.50%	49.50%

% of holding of CIFCL

** Even though, CIFCL holds 73.82% of the paid up equity capital of Payswiff Technologies Private Limited (Payswiff), however, in view of founder reserved matters and dispute resolution mechanism envisaged in the shareholders agreement executed between CIFCL and founders of Payswiff, the Group is considered to have joint control over the entity as per Ind AS 28 'Investments in Associates and Joint Ventures' read with Ind AS 110 'Consolidated Financial Statements'. Hence, it is classified as investment in Joint venture.

Note - 4 Basis of Preparation

The Consolidated Ind AS Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The Consolidated Ind AS Financial Statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, fair value through profit and loss (FVTPL) instruments, derivative financial instruments and certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments).

Note - 4.1 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:

- (i) The normal course of business
- (ii) The event of default

- (iii) The event of insolvency or bankruptcy of the Group and/or its Counterparties

Note - 4.2 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, 2022.

Note - 5 Significant accounting policies

Note - 5.1 Financial instruments – initial recognition

Note - 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.

Note - 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.

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Note - 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:

- (i) Amortised cost
- (ii) FVTPL
- (iii) FVTOCI

Note - 5.2 Financial assets and liabilities

Note - 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:

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

Note - 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:

- (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)

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.

Note - 5.2.3 The SPPI test

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

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

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

Note - 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

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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.

Note - 5.2.5 Investment in Mutual Funds

The Group recognises the investment on trade date and is classified and measured, at fair value through profit or loss. Any gain/losses on disposal or subsequent re-measurement is recognised in the statement of Profit and Loss.

Note - 5.2.6 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 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.

Note - 5.2.7 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.

Note - 5.2.8 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.

Note - 5.2.9 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

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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 2021-22 and 2020-21.

Note - 5.3 Derecognition of financial assets and liabilities

Note - 5.3.1 Derecognition of financial assets due to substantial modification

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- (i) Change in currency of the loan
- (ii) Introduction of an equity feature
- (iii) Change in counterparty

If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Note - 5.3.2 Derecognition of financial assets other than due to substantial modification

Note - 5.3.2.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive

cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

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

- (i) 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:

- (ii) 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.
- (iii) The Group cannot sell or pledge the original asset other than as security to the eventual recipients.
- (iv) 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:

- (i) The Group has transferred substantially all the risks and rewards of the asset; or
- (ii) 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

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to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

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

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

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

Note - 5.3.2.2 Financial liabilities

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

Note - 5.4 Impairment of financial assets

Note - 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.

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

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- (ii) 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.

Note - 5.4.2 Forward looking information

The Group considers a broad range of forward looking information with reference to external forecasts of economic parameters such as GDP growth, unemployment rates etc., as considered relevant so as to determine the impact of macro-economic factors on the Group's ECL estimates.

The inputs and models used for calculating ECLs are recalibrated periodically through the use of available incremental and recent information. Further, internal estimates of PD, LGD rates used in the ECL model may not always capture all the characteristics of the market / external environment

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as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

Note - 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.

Note - 5.6 Write-offs

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

Note - 5.7 Restructured, rescheduled and modified loans

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

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

Loans which have been renegotiated or modified in accordance with RBI Notifications - RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 - Resolution

Framework for COVID-19 related Stress and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 - Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances have been classified as Stage 2 due to significant increase in credit risk.

Note - 5.8 Insurance Contracts

Note - 5.8.1 Determination of Insurance contract

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Note - 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

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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.
- (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.

Note - 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.

Note - 5.8.4 Insurance Contract Acquisition costs

Direct costs relating to acquisition of new / renewal of insurance contracts are expensed in the year in which they are incurred.

Note - 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 'Insurance Contracts' 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

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relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related prepaid expenses) is inadequate, the deficiency is recognised in the statement of profit or loss by setting up a provision for premium deficiency.

The main assumption underlying claim projection techniques is that the past claims development experience can be used to project future claims development and hence ultimate claim costs. As such, these methods extrapolate the development of paid and incurred losses to calculate the expected ultimate claim cost.

Note - 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.

Note - 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.

Note - 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.

Note - 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.

Note - 5.8.10 Terrorism and Nuclear Pool

Premium received from customers on account of Terrorism cover and towards Nuclear policies has been ceded to General Insurance Corporation of India (GIC) Terrorism Pool and Nuclear Pool Account. The Group's share in the Terrorism Pool Account and Nuclear Pool Account with GIC, based on the statements of account received during the current year for the period up to December 31, 2021 and September 30, 2021 respectively.

The resultant surplus/ deficit is reflected as RI Receivable/ Payable on Terrorism and Nuclear Pool. The Group's share in the Terrorism Pool Account with GIC for the period January 1, 2022 to March 31, 2022 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, 2021 to March 31, 2022 will be accounted on receipt of the relevant statements of account from GIC.

Note - 5.9 Derivative and Hedge accounting

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at FVPL.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at

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each balance sheet date. The resulting gain/loss is recognised in profit or loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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

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

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

Note - 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.

Note - 5.10 Recognition of interest income

The effective interest rate method

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

Interest Income

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account the fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the life of the loan. For credit-impaired financial assets interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses)

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Note - 5.11 Taxes

Note - 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.

Note - 5.11.2 Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, and interest in joint venture where the *timing* of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

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

Note - 5.11.3 Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, it is created by

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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.

Note - 5.12 Investment Property

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

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

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

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

Investment properties are derecognised either when they have been disposed off 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.

Note - 5.13 Property, plant and equipment

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

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

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

Useful life of assets based on Management's estimation and which are different from those specified in schedule II. Estimated useful life of these assets based on usage and replacement policy of such assets are given below:

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

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.

Assets individually costing less than or equal to ₹5,000 are fully depreciated in the year of acquisition.

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over

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the shorter of the lease term and useful life of the underlying asset.

Note - 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.

Note - 5.15 Impairment of non-financial assets

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate 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.

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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.

Note - 5.16 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as employee benefit obligations in the balance sheet.

(ii) Post-employment obligations

The Group operates the following post-employment schemes:

- (a) defined contribution plans such as provident fund
- (b) defined benefit plans such as gratuity, pension, post-employment medical plans

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

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

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

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

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

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

- (i) The date of the plan amendment or curtailment, and
- (ii) 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:

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

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Note - 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.

Note - 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.

Note - 5.19 Dividends on ordinary shares

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

Note - 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:

- (i) In the principal market for the asset or liability, or
- (ii) 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.

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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.

Note - 5.21 Recognition of Income

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind 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.

Note - 5.21.1 Interest on overdue balances and Other Charges

Overdue interest in respect of loans is recognised upon realisation.

Note - 5.21.2 Service Income

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

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- a. Completion of service and
 - b. Certainty over realisation of the fee income.
- (ii) Servicing and collections fees on assignment are recognised upon completion of service.
 - (iii) Advertising income is recognised over the contract period as and when related services are rendered.
 - (iv) 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.
 - (v) 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.

Note - 5.21.3 Contract Balances

Contract assets

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

Contract liabilities

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

Note - 5.21.4 Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Group's right to receive the

payment is established and it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

Note - 5.22 Input Tax credit (Goods and Service Tax)

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

Note - 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.

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).

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Note - 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.

Note - 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".

Note - 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.

Note - 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 payment 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.

Note - 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 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.

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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.

Note - 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 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

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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:

- (i) 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
- (ii) The segmentation of financial assets when their ECL is assessed on a collective basis
- (iii) Development of ECL models, including the various formulas and the choice of inputs
- (iv) Determination of temporary adjustments as qualitative adjustment or overlays based on broad range of forward looking information as economic inputs

CIFCL has considered the impact of COVID-19 pandemic and the moratorium given to borrowers pursuant to the COVID-19 regulatory package announced by Reserve Bank of India, in determination of impairment allowance for the year. Also refer note 4.1a.

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

iv. Provisions and other contingent liabilities

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be possible or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

v. Evaluation of De-facto Control in the case of control over Cholamandalam Investment and Finance Company Limited ("CIFCL")

The Group based on the nature and extent of holding in CIFCL, has evaluated the applicability of de-facto control over CIFCL as per the guidelines of Ind AS 110. In accordance

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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

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.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to for its borrowings.

viii. Business Model Assessment.

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

Notes to Consolidated Ind AS Financial Statements

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

Further, the Group also made an investment in the Government securities in order to comply the liquidity ratio compliance as required by RBI pursuant to its master directions. The Group intends to hold these assets till maturity expects that any sale if any necessitated by requirements are likely to be infrequent and immaterial. Accordingly, the related assessment becomes a critical judgement to determine the business model for such financial assets under Ind AS.

Refer Note 5.2.2 for related details.

5B. Amendments to Ind AS 116: COVID-19-Related Rent Concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct

consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the 1 April, 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the 1 April, 2019. This amendment had no significant impact on the Consolidated Ind AS Financial Statements of the Group.

Note - 6A Cash and Cash Equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	16.06	31.83
Balances with banks		
- In Current Accounts	147.46	1,422.61
- In Deposit Accounts - Original maturity of 3 months or less	2,607.11	112.20
Cheques, drafts on hand	30.79	35.84
Total	2,801.42	1,602.48

Note - 6B Bank Balances Other than Cash and Cash Equivalents

- In Deposit Accounts - Original maturity of more than 3 months (Refer Note 1 and 2 below)	2,120.96	3,570.20
- Non current bank balances	40.80	15.38
- In earmarked accounts		
- Margin accounts for borrowings	139.13	105.85
- In Unpaid Dividend Accounts	2.06	2.30
- Deposits with Banks as collateral towards securitisation loan	339.07	319.78
- Deposits with Banks under lien	4.29	17.81
- Deposits with Banks as collateral towards Overdraft facility	-	570.00
- Escrow account - unclaimed debentures	0.19	-
- Other deposit account	0.08	0.08
Total	2,646.58	4,601.40
Note:		
1 Deposits given as margin against Bank Guarantee.	0.12	1.23
2 Funds earmarked for Unclaimed Amount of Policy Holders Liability as per IRDA regulations	4.17	5.85

Notes to Consolidated Ind AS Financial Statements

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

Note - 7 Derivative financial instruments

Particulars	As at March 31, 2022			As at March 31, 2021		
	Notional amounts	Fair Value -Assets	Fair Value -Liabilities	Notional amounts	Fair Value -Assets	Fair Value -Liabilities
Part I						
(i) Other derivatives - Cross Currency Interest Rate Swap	1,897.23	108.09	-	2,243.73	26.34	9.14
(ii) Overnight Index Swaps	-	-	2.82	-	-	-
(iii) Forward Contracts	1,948.90	78.44	166.74	1,402.86	19.53	118.28
Total Derivative financial Instruments	3,846.13	186.53	169.56	3,646.59	45.87	127.42
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
Cash flow hedging:						
(i) Others - Cross Currency Interest Rate Swap	1,897.23	108.09	-	2,243.73	26.34	9.14
(ii) Interest rate Swaps	-	-	2.82	-	-	-
(iii) Forward Contracts	1,948.90	78.44	166.74	1,402.86	19.53	118.28
Total Derivative financial Instruments	3,846.13	186.53	169.56	3,646.59	45.87	127.42

The Group has a Board approved policy for entering into derivative transactions. Derivative transaction represents Currency, Interest Rate Swaps and forward contracts. The Group undertakes such transactions for hedging interest / foreign exchange risk on borrowings. The Asset Liability Management Committee and Business Committee of the respective companies periodically monitors and reviews the risks involved.

The notional amount for interest rate swap represents the foreign currency borrowing on which the Group has entered to hedge the variable interest rate.

Note - 8 Receivables

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Trade Receivables		
Secured - Considered good*	31.89	30.33
Unsecured - Considered good	39.44	26.28
	71.33	56.61
Provision for Impairment on receivables	(0.02)	(0.01)
	71.31	56.60
Trade Receivables credit impaired	0.48	0.44
Provision for Impairment on receivables	(0.48)	(0.44)
	-	-
Total Trade receivables		
Considered good	71.33	56.61
Trade Receivables credit impaired	0.48	0.44
Total	71.81	57.05
Provision for Impairment on receivables	(0.50)	(0.45)
Subtotal (i)	71.31	56.60
(ii) Other Receivables		
Considered Good *	84.04	38.72
Doubtful	-	-
Subtotal (ii)	84.04	38.72
Total (i)+(ii)	155.35	95.32

* includes dues from related parties (Refer Note 40) and Refer Note 51 - Part 1 for ageing. No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person.

Notes to Consolidated Ind AS Financial Statements

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

Note - 9 Insurance Contract Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Due from Insurers (A)	55.42	63.03
Terrorism Pool Receivables	188.31	160.15
Less: Provision for Impairment	-	-
Terrorism Pool Receivables (Net of Provision) (B)	188.31	160.15
Nuclear Pool Receivables (C)	7.02	5.12
Premium Receivable		
- Considered Good (D)	13.75	21.03
- Assets with significant increase in credit risk (E)	29.23	33.12
Less: Provision for Impairment (F)	(2.52)	(2.73)
- Assets with significant increase in credit risk (Net of Provisions) (G) = (E-F)	26.71	30.39
Total (A+B+C+D+G)	291.21	279.72
Movement in Provision for Impairment		
Particulars	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	2.73	4.15
Movement in Expected credit loss allowances on receivables	(0.21)	(1.42)
At the end of the year	2.52	2.73

Note - 10A Reinsurance Assets- Financial Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Recoverable arising from Claims Outstanding	874.16	780.28
Total	874.16	780.28

Note - 10B Reinsurance Assets - Non Financial Assets

Recoverable arising from Provision for premium deficiency	-	(2.05)
Recoverable arising from Provision for unearned premiums	829.38	721.32
Total	829.38	719.27

Note - 11 Loans

(At amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Bills Discounted	370.99	134.17
(ii) Term loans	76,102.40	68,149.58
Total (A) Gross	76,473.39	68,283.75
Less: Impairment Allowance for (i) & (ii)	(2,328.68)	(2,444.41)
Total (A) Net	74,144.71	65,839.34
(i) Secured by tangible assets	75,081.01	67,853.57
(ii) Unsecured	1,392.38	430.18
Total (B) - Gross	76,473.39	68,283.75
Less: Impairment Allowance	(2,328.68)	(2,444.41)
Total (B) - Net	74,144.71	65,839.34

Notes to Consolidated Ind AS Financial Statements

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

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

The Group has not granted loans and advances in the nature of loans to Promoters, Directors, Key Managerial Personnel or related parties u/s 2(76) either repayable on demand or without specifying terms/period. Refer related party disclosure (Note 40).

Secured indicates loans secured, wholly or partly, by way of hypothecation of automobile assets and / or pledge of securities and / or equitable mortgage of property and / or advances generated out of loans and / or equipments and including undertaking to create a security.

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, 2022	As at March 31, 2021
Loan - Outstanding Value		
White Data System India Private Limited - Associate	3.00	3.40
Impairment Provision		
White Data System India Private Limited - Associate *	0.00	0.00

* Represents amount less than ₹50,000

Note - 11.1 Loans

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

Particulars	Gross Carrying amount				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Bill discounted								
Opening as on April 1, 2021	96.78	-	37.39	134.17	0.57	-	34.34	34.91
New assets originated / Increase in existing assets (Net)	332.90	0.39	-	333.29	2.70	0.04	-	2.74
Exposure de-recognised / matured / repaid	(93.32)	-	(3.15)	(96.47)	(0.75)	-	(2.21)	(2.96)
Transfer to Stage 1	0.71	-	(0.71)	-	0.21	-	(0.21)	-
Transfer to Stage 3	(4.16)	-	4.16	-	(0.02)	-	0.02	-
Impact on account of exposures transferred during the year between stages	-	-	-	-	-	-	1.18	1.18
Impact of changes on items within the same stage	-	-	-	-	-	-	1.66	1.66
Closing as on March 31, 2022	332.91	0.39	37.69	370.99	2.71	0.04	34.78	37.53
Term loans								
Opening as on April 1, 2021	61,250.86	4,231.10	2,667.62	68,149.58	536.72	709.63	1,163.15	2,409.50
New assets originated / Increase in existing assets (Net)	32,211.07	137.08	84.64	32,432.79	169.18	13.59	11.82	194.59
Exposure de-recognised / matured / repaid	(20,991.67)	(2,163.87)	(785.80)	(23,941.34)	(366.43)	(262.55)	(152.11)	(781.09)
Transfer to Stage 1	507.81	(392.78)	(115.03)	-	101.06	(68.01)	(33.05)	-
Transfer to Stage 2	(4,776.09)	4,832.90	(56.81)	-	(74.37)	90.24	(15.87)	-
Transfer to Stage 3	(1,110.57)	(703.02)	1,813.59	-	(21.81)	(123.10)	144.91	-
Impact on account of exposures transferred during the year between stages	1.17	48.88	77.06	127.11	-	384.27	440.58	824.85

Notes to Consolidated Ind AS Financial Statements

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

Particulars	Gross Carrying amount				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impact of changes on items within the same stage	198.39	32.05	99.30	329.74	13.11	2.18	116.17	131.46
Write off *	(310.77)	(205.26)	(479.45)	(995.48)	(17.26)	(86.67)	(384.23)	(488.16)
Closing as on March 31, 2022	66,980.20	5,817.08	3,305.12	76,102.40	340.20	659.58	1,291.37	2,291.15
Bills Discounted								
Opening as on April 1, 2020	51.42	0.42	34.14	85.98	0.31	0.04	31.73	32.08
New assets originated / Increase in existing assets (Net)	96.78	-	4.30	101.08	0.57	-	1.25	1.82
Exposure de-recognised / matured / repaid	(51.42)	-	(1.47)	(52.89)	(0.31)	-	(1.03)	(1.34)
Transfer to Stage 3	-	(0.42)	0.42	-	-	(0.04)	0.04	-
Impact on account of exposures transferred during the year between stages (Net)	-	-	-	-	-	-	0.38	0.38
Impact of changes on items within the same stage	-	-	-	-	-	-	1.97	1.97
Closing as on March 31, 2021	96.78	-	37.39	134.17	0.57	-	34.34	34.91
Term Loans								
Opening as on April 1, 2020	52,690.32	2,020.24	2,129.16	56,839.72	390.91	233.42	866.56	1,490.89
New assets originated / Increase in existing assets (Net)	24,249.01	152.98	76.04	24,478.03	375.57	61.75	27.04	464.36
Exposure de-recognised / matured / repaid	(11,859.60)	(588.22)	(474.64)	(12,922.46)	(201.61)	(44.87)	(80.28)	(326.76)
Transfer to Stage 1	655.09	(568.14)	(86.95)	-	88.89	(60.55)	(28.34)	-
Transfer to Stage 2	(3,528.85)	3,599.80	(70.95)	-	(83.08)	107.45	(24.37)	-
Transfer to Stage 3	(813.32)	(437.17)	1,250.49	-	(21.20)	(53.57)	74.77	-
Impact on account of exposures transferred during the year between stages (Net)	1.39	104.51	78.62	184.52	1.12	481.12	345.11	827.35
Impact of changes on items within the same stage	-	-	83.82	83.82	-	-	190.77	190.77
Write off *	(143.18)	(52.90)	(317.97)	(514.05)	(13.88)	(15.12)	(208.11)	(237.11)
Closing as on March 31, 2021	61,250.86	4,231.10	2,667.62	68,149.58	536.72	709.63	1,163.15	2,409.50

ECL across stages have been computed on collective basis.

The Group uses Days past due of the customer to determine the credit quality of loans.

* Total write off includes Loss on disposal of repossessed vehicles - ₹601.24 crs for the year ended March 31, 2022 (₹272.11 crs - March 31, 2021).

Note - 11.2 Overdue greater than 90 days as on March 31, 2022

No of cases	Principal outstanding	Overdue Installments #
87,914	2,032.29	1,448.89

Overdue installments includes principal amount overdue and interest overdue.

Notes to Consolidated Ind AS Financial Statements

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

Note - 12A Investments In Associate & Joint Venture *

Particulars	As at March 31, 2022	As at March 31, 2021
Investment in Equity Instruments		
a) Associate	33.03	24.24
b) Joint Venture	461.01	12.91
Total (A)	494.04	37.15

Note - 12B Other Investments **

a) Debt Securities - At amortised cost	3,795.73	5,156.25
b) Debt Securities & Alternate Investment Fund (AIF) - FVTPL	202.50	1,140.08
c) Debt Securities - FVOCI	8,514.13	5,207.23
d) Equity Instruments - FVTPL	188.43	108.20
e) Equity Instruments - FVOCI	30.65	13.56
f) Mutual funds - FVTPL	91.97	141.55
Total Other Investments (Gross)	12,823.41	11,766.87
Less: Impairment allowance	(35.36)	(126.00)
Total Other Investments (Net) (B)	12,788.05	11,640.87
Total Investments (A)+(B)	13,282.09	11,678.02

* All Investments represented above are made in India.

** The Group has designated certain unquoted investments at FVOCI on the basis that these are not held for trading.

Analysis of changes in the Gross Carrying amount and corresponding ECL allowances in relation to Investment at Amortised Cost

Particulars	Gross Carrying amount				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening as on April 1, 2021	4,770.99	188.22	197.04	5,156.25	0.76	0.13	125.11	126.00
Assets purchased during the year	-	-	-	-	-	-	-	-
Net impact of interest accrued during the year and amounts derecognised on maturity/sale	(1,043.57)	(167.05)	(103.55)	(1,314.17)	(0.35)	(0.13)	(43.81)	(44.29)
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer from Stage 1 to Stage 2	-	-	-	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-	-	-	-
Investments Written off	-	-	(46.35)	(46.35)	-	-	(46.35)	(46.35)
Additional impairment allowances made during the year	-	-	-	-	-	-	-	-
Closing as on March 31, 2022	3,727.42	21.17	47.14	3,795.73	0.41	-	34.95	35.36

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
Opening as on April 1, 2020	5,577.65	422.56	385.86	6,386.07	0.25	0.18	210.63	211.06
Assets purchased during the year	1,545.89	-	-	1,545.89	-	-	-	-
Net impact of interest accrued during the year and amounts derecognised on maturity/sale	(2,352.55)	(234.34)	8.75	(2,578.14)	(0.12)	(0.06)	-	(0.18)
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer from Stage 1 to Stage 2	-	-	-	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-	-	-	-
Investments Written off	-	-	(197.57)	(197.57)	-	-	(197.57)	(197.57)
Additional impairment allowances made during the year	-	-	-	-	0.63	0.01	112.05	112.69
Closing as on March 31, 2021	4,770.99	188.22	197.04	5,156.25	0.76	0.13	125.11	126.00

Note - 13 Other Financial Asset (At Amortised Cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured - considered good (unless otherwise stated)		
Security Deposits	57.02	70.48
Interest Only Strip receivable	289.37	414.06
Accrued Income on Debt Securities at FVTPL	4.48	17.25
Accrued Income on Debt Securities at FVOCI	170.39	100.94
Other Receivable/Accrued Income - Others	7.57	3.77
COVID Ex-gratia Claim Receivable	-	96.47
Total	528.83	702.97

Note - 14 Deferred Tax

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred Tax Assets		
Impairment on financial instrument	588.46	651.03
Unexpired Premium Reserve (UPR) difference	167.21	168.74
Provision for Contingencies and undrawn commitments	10.25	11.32
Provision for Compensated Absences and Gratuity	26.41	22.43
Fair value changes relating to Equity-FVTPL	-	-
Fair Value changes related to Debt Instruments - FVTOCI	28.68	11.87
Impact of Effective interest rate adjustment on Financial Assets	45.83	62.81
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	17.65	17.31
Carry forward of tax losses	0.65	-
MAT credit entitlement	3.10	0.26
Other items recognised in OCI	-	39.05
Others	7.06	25.01
(A)	895.30	1,009.83

Notes to Consolidated Ind AS Financial Statements

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

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred Tax Liability		
Impact of Effective interest rate adjustment on Financial Liabilities	1.63	2.61
Fair value changes relating to Equity & Debt instruments-FVTPL	10.99	15.46
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961	1.40	-
Deferred tax recognised on proposed dividend from subsidiary	6.57	6.57
Others	6.18	11.84
(B)	26.77	36.48
Net Deferred Tax Assets (A) - (B)	868.53	973.35

Particulars	As at March 31, 2022		As at March 31, 2021	
	Income Statement	OCI	Income Statement	OCI
Deferred Tax Assets				
Impairment on financial instrument	(62.57)	-	217.68	-
Unexpired Premium Reserve (UPR) difference	(1.53)	-	56.69	-
Provision for Contingencies and undrawn commitments	(1.07)	-	1.28	-
Provision for Compensated Absences and Gratuity	3.98	-	5.26	-
Fair value changes relating to Equity-FVTPL	-	-	(7.25)	-
Fair Value changes related to Debt Instruments - FVTOCI	-	16.81	-	11.87
Impact of Effective interest rate adjustment on Financial Assets	(16.98)	-	(15.34)	-
Contract Liability as per IND AS 115	-	-	(1.51)	-
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	0.34	-	7.63	-
Re-measurement gains / (losses) on defined benefit plans (Net)	-	0.07	-	0.43
Fair value changes relating to Equity-FVTOCI	-	(1.45)	-	(0.38)
Carry forward of tax losses	0.65	-	(2.54)	-
MAT credit entitlement	2.84	-	(1.85)	-
Others	(17.95)	-	15.73	-
(A)	(92.29)	15.43	275.78	11.92
Deferred Tax Liability				
Impact of Effective interest rate adjustment on Financial Liabilities	(0.98)	-	(1.63)	-
Fair value changes relating to Equity & Debt instruments -FVTPL	(4.47)	-	5.75	-
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	1.40	-	(0.75)	-
Deferred tax recognised on proposed dividend from subsidiary	-	-	6.57	-
Others	(7.78)	-	2.00	-
Cashflow Hedge Reserve	-	40.77	-	(11.38)
(B)	(11.83)	40.77	11.94	(11.38)
Net Deferred Tax Assets (A) - (B)	(80.46)	(25.34)	263.84	23.30

Notes to Consolidated Ind AS Financial Statements

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

Note - 15 Investment Property

Particulars	Total
Gross carrying amount as at April 01, 2020	28.96
Additions	-
Disposals	-
Gross carrying amount as at March 31, 2021	28.96
Additions	-
Disposals	-
Gross carrying amount as at March 31, 2022	28.96
Accumulated depreciation and impairment	
Balance as at April 01, 2020	-
Depreciation for the year	-
Depreciation on disposals	-
Balance as at March 31, 2021 **	-
Depreciation for the year	-
Depreciation on disposals	-
Balance as at March 31, 2022 **	-
Net Carrying amount	
As at March 31, 2021	28.96
As at March 31, 2022	28.96

The Group's investment property consists of 5 properties, of which one is a vacant site and one is let out as at March 31, 2022.

** Represents amount less than ₹1,00,000

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Rental Income	0.05	0.04
Direct Operating expense for property that generated rental income	0.01	0.01
Direct Operating expense for property that did not generate rental income	-	-

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, 2022	As at March 31, 2021
Investment Property	27.99	27.94

Notes to Consolidated Ind AS Financial Statements

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

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, 2022	Professional valuer	Price per Sq. feet	₹7000 - ₹13,000 per Sq. ft.	5%	27.99	1.40
Investment property As at March 31, 2021	Professional valuer	Price per Sq. feet	₹7000 - ₹13,000 per Sq. ft.	5%	27.94	1.40

vi) The Title Deeds of the Immovable Properties mentioned above are in the name of the respective company(ies).

Note - 16 Property, Plant and Equipment

Particulars	Freehold Land	Buildings		Computer Equipment		Office Equipment		Furniture and Fixtures	Leasehold Improvements	Vehicles	Total Tangible asset
		Own Assets	Right of Use Asset	Own Assets	Right of Use Asset	Own Assets	Right of Use Asset				
Gross carrying amount as at April 01, 2020	45.36	56.18	197.84	102.90	10.11	31.91	14.52	25.12	57.24	19.20	560.38
Additions	0.07	0.55	20.29	19.04	14.11	1.95	25.86	1.04	1.66	2.98	87.55
Disposals	-	-	1.58	0.76	-	0.37	-	0.23	0.37	5.14	8.45
Gross carrying amount as at March 31, 2021	45.43	56.73	216.55	121.18	24.22	33.49	40.38	25.93	58.53	17.04	639.48
Additions	-	4.86	74.01	50.06	-	3.92	-	2.50	4.13	13.49	152.97
Disposals	-	-	6.93	8.60	-	0.76	-	0.14	0.47	7.08	23.98
Gross carrying amount as at March 31, 2022	45.43	61.59	283.63	162.64	24.22	36.65	40.38	28.29	62.19	23.45	768.47
Accumulated depreciation / amortisation and impairment											
Balance as at April 01, 2020	-	2.81	51.20	64.36	2.84	15.92	3.98	17.29	27.87	4.05	190.32
Depreciation for the year	-	1.05	53.86	24.59	5.42	6.18	8.59	3.29	10.49	4.78	118.25
Depreciation on disposals	-	-	0.56	0.67	-	0.25	-	0.22	0.34	3.12	5.16
Balance as at March 31, 2021	-	3.86	104.50	88.28	8.26	21.85	12.57	20.36	38.02	5.71	303.41
Depreciation for the year	-	1.06	52.75	26.99	7.18	5.70	12.33	3.68	9.91	5.05	124.65
Depreciation on disposals	-	-	1.66	8.45	-	0.46	-	0.12	0.45	5.17	16.31
Balance as at March 31, 2022	-	4.92	155.59	106.82	15.44	27.09	24.90	23.92	47.48	5.59	411.75
Net Carrying amount											
As at March 31, 2021	45.43	52.87	112.05	32.90	15.96	11.64	27.81	5.57	20.51	11.33	336.07
As at March 31, 2022	45.43	56.67	128.04	55.82	8.78	9.56	15.48	4.37	14.71	17.86	356.72

Notes to Consolidated Ind AS Financial Statements

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

Note

- i) 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.
- ii) The Group has elected to include ROU assets pertaining to lease of buildings as part of the Property, plant and equipment as permitted under paragraph 47 of Ind AS 116.
- iii) The Title Deeds of the Immovable Properties mentioned above are in the name of the respective Companies.
- iv) Group has not carried out any revaluation of property, plant and equipment during the year ended March 31, 2022.

Note - 17 Intangible Assets

Particulars	Computer Software
Gross carrying amount as at April 01, 2020	119.45
Additions	28.60
Disposals	-
Gross carrying amount as at March 31, 2021	148.05
Additions	26.58
Disposals	-
Gross carrying amount as at March 31, 2022	174.63
Accumulated Amortization and impairment	
Balance as at April 01, 2020	81.82
Amortization for the year	27.22
Amortization on disposals	-
Balance as at March 31, 2021	109.04
Amortization for the year	29.51
Amortization on disposals	-
Balance as at March 31, 2022	138.55
Net Carrying amount	
As at March 31, 2021	39.01
As at March 31, 2022	36.08

Note - 18 Other Non Financial Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured - considered good (unless otherwise stated)		
Prepaid expenses	27.23	343.10
Capital Advances	1.44	11.80
GST input credit	82.02	73.12
Other assets	94.41	92.45
Total	205.10	520.47

Note - 19 Debt Securities (At Amortised Cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Redeemable Non-Convertible Debentures		
Medium-Term - Secured	10,519.68	9,322.24
Medium-Term - Unsecured	124.97	149.98
Commercial Papers - Unsecured	2,766.15	3,015.04
Total	13,410.80	12,487.26

Notes to Consolidated Ind AS Financial Statements

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

All debt securities have been contracted in India.

Note - 19.1 Security

- (i) Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to Vehicle Finance, Loan Against Property , Bills discounted and other loans and pari passu charge on immovable property situated at Chennai.
- (ii) The Group has not defaulted in the repayment of dues to its lenders.
- (iii) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in Note 19.2 based on the Contractual terms.

Note - 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, 2022	March 31, 2021		
2700	10,00,000	270.00	-	Mar-27	7.30
250	10,00,000	25.00	25.00	Nov-26	8.55
5,000	10,00,000	500.00	500.00	Jul-25	7.92
4,974	10,00,000	497.40	-	Mar-25	7.08
2,000	10,00,000	200.00	-	Feb-25	5.85
8,600	10,00,000	860.00	-	Dec-24	5.57 to 6.30
1,500	10,00,000	150.00	150.00	Oct-24	6.80
4,000	10,00,000	400.00	-	Aug-24	5.53 to 5.58
6,000	10,00,000	600.00	300.00	Jul-24	5.46 to 7.38
1,500	10,00,000	150.00	150.00	Apr-24	8.6179
6,850	10,00,000	685.00	585.00	Feb-24	6.25 to 6.45
5,500	10,00,000	550.00	550.00	Dec-23	6.10
6,023	10,00,000	602.30	352.30	Sep-23	5.58 to 8.80
1,990	10,00,000	199.00	-	Aug-23	9.06
9,000	10,00,000	900.00	150.00	May-23	5.70 to 7.50
3,250	10,00,000	325.00	325.00	Apr-23	6.26
8,000	10,00,000	800.00	800.00	Mar-23	5.85 to 5.68
3,350	10,00,000	335.00	335.00	Feb-23	5.70 to 7.41
5,900	10,00,000	590.00	590.00	Dec-22	5.48 to 7.98
6,150	10,00,000	615.00	615.00	Nov-22	5.45 to 8.00
3,523	10,00,000	352.30	352.30	Sep-22	8.70
2,000	10,00,000	200.00	200.00	Jun-22	7.20
1,050	10,00,000	-	105.00	Mar-22	8.35 to 9.06
2,000	10,00,000	-	200.00	Dec-21	6.93
3,523	10,00,000	-	352.30	Sep-21	8.45
3,250	10,00,000	-	325.00	Aug-21	6.74 to 8
2,550	10,00,000	-	255.00	Jul-21	8.9765
4,010	10,00,000	-	401.00	Jun-21	8.49 to 8.52
4,100	10,00,000	-	410.00	May-21	6.90
4,770	10,00,000	-	477.00	Apr-21	8.0874
		9,806.00	8,504.90		

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, 2022	March 31, 2021			
1000	10,00,000	100.00	-	Mar-27	14,22,599	4,22,599
1250	10,00,000	125.00	125.00	Jul-25	14,61,481	4,61,481
850	10,00,000	85.00	85.00	Jul-25	13,53,045	3,53,045
500	10,00,000	50.00	50.00	Jan-23	12,54,470	2,54,470
250	10,00,000	25.00	25.00	Dec-24	12,93,960	2,93,960
350	10,00,000	35.00	35.00	Oct-24	13,01,025	3,01,025
1100	10,00,000	-	110.00	May-21	12,94,211	2,94,211
		420.00	430.00			

(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, 2022	March 31, 2021			
10	10,00,000	1.00	1.00	Aug-23	Jul-21	9.06
		1.00	1.00			

(iv) Unsecured Redeemable Non-Convertible Debentures - Redeemable at par - No Put Call Option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Put option date	Rate of interest %
		March 31, 2022	March 31, 2021			
10	10,00,000	25.00	-	June-23	-	9.06
		25.00	-			

(v) Unsecured, Not guaranteed, Taxable, Non Cumulative, Rated, Redeemable, Non Convertible Debentures

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		March 31, 2022	March 31, 2021		
500	10,00,000	-	50.00	Mar-22	6.20
500	10,00,000	50.00	50.00	Mar-23	6.75
500	10,00,000	50.00	50.00	Mar-24	7.26
		100.00	150.00		

Note - 20 Borrowings (Other than Debt Securities) at Amortised cost

Particulars	As at March 31, 2022	As at March 31, 2021
A) Term Loans		
i) a) From Banks - Secured		
Ruppee Loans	41,873.73	35,682.18
Foreign currency Loans	615.77	-
External Commercial Borrowings	1,945.43	2,398.69
b) From Banks - Unsecured		
Short Term Loans	-	200.00
ii) From Other Parties - Secured		
a) Financial Institutions - Ruppee Loans	1,538.94	1,727.86
b) External Commercial Borrowings	1,442.85	1,372.30
c) Securitisation - Ruppee Loans	3,433.06	4,344.52
b) Loan repayable on demand - Secured from Banks - Ruppee Loans	1,154.74	1,456.71
	52,004.52	47,182.26
Borrowings within India	48,616.24	43,411.27
Borrowings Outside India	3,388.28	3,770.99
	52,004.52	47,182.26

Notes to Consolidated Ind AS Financial Statements

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

Note - 20.1 Security

- (i) Secured term loans from banks and financial institution are secured by way of specific */pari passu* charge on assets under hypothecation relating to automobile financing and loans against immovable property.
- (ii) Loan repayable on demand is in the nature of Cash Credit from banks are secured by way of floating charge on assets under hypothecation and other assets.
- (iii) The Group has not defaulted in the repayment of dues to its lenders.
- (iv) Securitisation borrowing represents the net outstanding value (Net of Investment in Pass-through Certificates) of the proceeds received by the Group from securitisation trust in respect of loan assets transferred by the Group pursuant to Deed of Assignment. The Group has provided Credit enhancement to the trust by way of cash collateral and Bank guarantee and also refer Note 6B.
- (v) The Group has utilised the borrowings for the purpose for which it was obtained.
- (vi) The quarterly statements or returns of current assets filed by the company with banks are in agreement with books of accounts to the extent applicable.
- (vii) 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.

Note - 20.2 Details of term loans - Contractual principal repayment value

Rate of Interest	Maturity	Installments	Amount outstanding	
			March 31, 2022	March 31, 2021
Base Rate / MCLR	< 1year	1	1,400.00	862.50
		2	1,987.50	1,250.16
		3	-	300.00
		4	877.56	1,787.50
		8	500.00	603.95
		12	-	200.00
	1 - 2 years	1	600.00	1,400.00
		2	1,100.00	1,929.17
		4	815.06	1,929.49
		8	500.00	603.95
		12	-	200.00
		2 - 3 years	1	50.00
2	800.00		1,225.00	
3	77.96		-	
4	511.11		1,616.99	
8	-		603.95	
12	-		200.00	
3 - 4 years	1		50.00	100.00
	2		-	800.00
	3		45.00	-
	4		251.11	1,416.99
	6		-	77.96
	12		-	200.00
	4 - 5 years	1	-	50.00
		3	-	574.41
		4	-	251.11
		9	-	150.00

Notes to Consolidated Ind AS Financial Statements

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

Rate of Interest	Maturity	Installments	Amount outstanding		
			March 31, 2022	March 31, 2021	
Base Rate/ MCLR + spread (0.10%)	< 1year	1	600.00	3,850.00	
		2	250.00	-	
		3	-	500.00	
	1 - 2 years	1	600.00	350.00	
		2	250.00	300.00	
		3	-	500.00	
	2 - 3 years	1	-	700.00	
		2	-	300.00	
		3	-	500.00	
Rate based on T Bill + Spread	< 1 year	1	1,715.50	482.00	
		2	225.00	150.00	
		3	60.00	-	
		4	1,413.52	416.67	
		12	200.00	-	
		1 - 2 years	1	1,460.00	410.50
	2 - 3 years	2	-	125.00	
		3	125.00	-	
		4	2,137.26	666.67	
		12	200.00	-	
		1	1,080.00	250.00	
		2	-	-	
	3 - 4 years	3	435.00	125.00	
		4	1,057.26	500.00	
		12	200.00	-	
		1	880.00	-	
		2	285.71	-	
		4	285.83	-	
4 - 5 years	9	150.00	-		
	1	923.75	-		
	4	110.83	-		
	Fixed Rate	< 1year	1	200.00	510.00
			2	100.00	160.00
			4	530.40	404.00
1 - 2 years		1	333.00	200.00	
		2	100.00	100.00	
		4	380.40	394.00	
2 - 3 years		1	1,516.33	-	
		2	221.00	433.00	
		3	102.20	-	
	4	-	244.00		
3 - 4 years	1	1,517.33	-		
	2	100.00	554.00		
	4 - 5 years	1	1,183.33	-	
Repo	< 1year	2	-	434.00	
		1	233.33	425.00	

Notes to Consolidated Ind AS Financial Statements

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

Rate of Interest	Maturity	Installments	Amount outstanding	
			March 31, 2022	March 31, 2021
		2	829.40	150.00
		3	243.33	33.33
		4	1,132.86	829.76
		8	360.00	360.00
		12	833.33	833.33
	1 - 2 years	1	233.33	83.33
		2	300.00	150.00
		3	33.33	33.33
		4	2,516.66	496.43
		6	416.67	-
		8	-	360.00
		12	-	833.33
	2 - 3 years	1	601.19	83.33
		2	150.00	150.00
		3	251.79	33.34
		4	2,124.51	496.43
		6	-	416.67
	3 - 4 years	1	-	101.19
		2	150.00	-
		3	18.75	37.50
		4	1,438.80	375.00
	4 - 5 years	1	35.00	-
		2	10.00	-
		3	794.20	-
		4	220.00	-
	> 5 Years	1	50.00	-
Total			43,470.43	38,506.60
3M MIBOR + Spread	< 1year	1	75.00	-
	1-2 years	1	-	75.00
USD 3M LIBOR + Spread	< 1year	4	215.70	52.02
	1-2 years	4	215.70	208.07
	2-3 years	4	215.70	208.07
	3 - 4 years	4	215.70	208.07
	4 - 5 years	4	215.70	208.07
	>5 Years	5	269.63	468.15
USD 6M LIBOR + Spread	< 1year	1	1,364.18	365.53
	1-2 years	1	-	1,315.89
	2-3 years	1	697.25	-
	3 - 4 years	1	-	672.57
USD 12M LIBOR + Spread	< 1year	1	615.28	-
Total			4,099.84	3,781.44

The Group has raised funds in the form of Foreign Currency Loans / External Commercial Borrowings whose interest payments are benchmarked to LIBOR rates. The maturity of some of those contracts are beyond June 2023 (IBOR Transition date). Based on the assessment performed by the Group, no significant impact is assessed on those contracts upon this transition.

Notes to Consolidated Ind AS Financial Statements

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

Details of Securitised loan		Amount outstanding*	
Rate of Interest	Maturity	March 31, 2022	March 31, 2021
	Less than 1 year	1,426.19	1,753.43
Fixed	1-2 year	838.30	1,093.55
(4.9% to 8%)	2-3 year	383.37	455.70
	3-4 year	130.14	124.28
	4-5 year	30.94	44.51
	More than 5 years	80.55	129.90
Total		2,889.49	3,601.37
	Less than 1 year	67.79	65.01
Floating	1-2 year	58.04	69.25
Base Rate/ MCLR - spread	2-3 year	60.95	74.59
(0.75% to 2.65%)	3-4 year	60.88	78.66
	4-5 year	56.30	78.32
	More than 5 years	237.34	371.98
Total		541.30	737.81

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

20.3 Loan repayable on demand represents cash credit and overdraft facilities.

Note - 21 Subordinated Liabilities (At Amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Perpetual Debt - Unsecured	1,328.99	1,489.20
Subordinated Debt - Unsecured		
a) Rupee Denominated Bonds	407.36	406.84
b) Other Subordinated Debts	2,076.91	2,231.59
Total	3,813.26	4,127.63

Note - 21.1

- (i) All Subordinated liabilities have been contracted in India except for Rupee denominated bonds.
- (ii) The Group has not defaulted in the repayment of dues to its lenders.
- (iii) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in Note 21.2 based on the Contractual terms.

Notes to Consolidated Ind AS Financial Statements

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

Note - 21.2 Details of Subordinated Liabilities - Contractual principal repayment value (before inter-company eliminations)

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

No of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		March 31, 2022	March 31, 2021		
150	1,00,00,000	150.00	-	Feb-32	8.10
200	1,00,00,000	200.00	-	Oct-31	7.90
400	1,00,00,000	400.00	400.00	Jan-30	9.25
3000	10,00,000	300.00	300.00	Aug-28	9.75
5300	10,00,000	530.00	530.00	Mar-28	9.05
1500	10,00,000	150.00	150.00	Aug-27	8.53
2500	10,00,000	250.00	250.00	Jun-27	8.78 to 8.80
100	10,00,000	10.00	10.00	Nov-26	9.20
150	10,00,000	15.00	15.00	Jun-24	11.00
50	10,00,000	5.00	5.00	May-24	11.00
250	10,00,000	25.00	25.00	Apr-24	11.00
250	10,00,000	25.00	25.00	Mar-24	11.00
200	10,00,000	20.00	20.00	Feb-24	11.00
250	10,00,000	25.00	25.00	Jan-24	11.00
2000	10,00,000	200.00	200.00	Nov-23	9.08 to 9.20
500	10,00,000	50.00	50.00	Oct-23	9.08
150	10,00,000	15.00	15.00	Sep-23	11.00
600	10,00,000	60.00	60.00	Dec-22	11.05 to 11.25
3,150	10,00,000	-	315.00	Nov-21	10.02
1,000	10,00,000	-	100.00	Jun-21	11.30
1,000	10,00,000	-	100.00	May-21	11.30
		2,430.00	2,595.00		

(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, 2022	March 31, 2021			
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

Notes to Consolidated Ind AS Financial Statements

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

Call option	At the end of five years from the Deemed date of allotment. Such call option may be exercised by the Issuer with the prior approval of IRDAI and in accordance with the IRDAI Regulations.
Type of Instrument	Unsecured, subordinated, fully paid-up, listed, redeemable and non-convertible debentures.
Security of debentures issued	The debenture issued is Unsecured, subordinated, fully paid-up, listed, redeemable and non-convertible debentures (the "Debentures"). The claims of the Debenture Holders shall be superior to the claims of the investors in preference shares and equity shares of the Issuer in that order but shall be subordinated to the claims of the policyholders and all other creditors.

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

No of Debentures	Face Value ₹	Balance as at		Maturity Date - Perpetual #	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
		March 31, 2022	March 31, 2021		
25	1,00,00,000	25.00	-	Mar-32	9.10
30	1,00,00,000	30.00	-	Sep-31	8.98
40	1,00,00,000	40.00	-	Jul-31	9.05
100	1,00,00,000	100.00	-	May-31	9.20
2000	5,00,000	100.00	100.00	Mar-31	9.25
900	5,00,000	45.00	45.00	Nov-30	9.30
1000	5,00,000	50.00	50.00	Dec-29	10.75
1120	5,00,000	56.00	56.00	Mar-29	10.83
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	Mar-22	12.50
700	5,00,000	-	35.00	Jan-22	12.50
3,500	5,00,000	-	175.00	Dec-21	12.50 to 12.95
320	5,00,000	-	16.00	Aug-21	12.50
413	5,00,000	-	20.65	Jul-21	12.50
2,021	5,00,000	-	101.05	Jun-21	12.50
		1,289.00	1,451.70		

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

Notes to Consolidated Ind AS Financial Statements

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

Note - 22 Insurance Contract Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Claims Outstanding	7,878.76	7,243.30
Unclaimed Amount of Policy Holders	4.13	5.75
Agent's balances	47.78	24.31
Total	7,930.67	7,273.36

(i) Movement in Claims Outstanding

Particulars	As at March 31, 2022	As at March 31, 2021
At the beginning of the year - Gross Liability	7,243.30	6,006.81
- Reinsurance Asset (Note 10A)	(780.28)	(658.80)
- Net Liability	6,463.02	5,348.01
Claims incurred in the year (for loss occurred in the year)	2,835.90	2,305.88
Adjustment to claims incurred in prior accident years due to changes in assumptions	(419.89)	13.95
Claims paid during the year	(1,874.42)	(1,204.82)
At the End of the year - Net Liability	7,004.61	6,463.02
- Gross Liability	7,878.76	7,243.30
- Reinsurance Asset (Note 10A)	(874.16)	(780.28)

(ii) Movement in Unclaimed Amount of Policy Holders

Particulars	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	5.75	2.27
Adjustments during the year	(1.62)	3.48
At the End of the year	4.13	5.75

(iii) Movement in Agent's balances

Particulars	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	24.31	15.99
Adjustments during the year	23.47	8.32
At the End of the year	47.78	24.31

Note - 22A Other Financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Unpaid Dividend	2.06	2.30
Advances from customers	33.23	55.29
Security Deposits received	3.43	0.80
Collections towards derecognised assets pending remittance	178.37	189.28
Lease liability	166.78	171.45
Other liabilities	152.26	92.14
Total	536.13	511.26

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, 2022	As at March 31, 2021
Provision for Employee Benefits		
- Compensated Absences	98.74	83.05
	98.74	83.05
Other Provisions (Refer Note 42)		
Provision for Contingencies and Service Tax claims	39.53	43.47
Provision for Undrawn commitments	1.20	1.04
	40.73	44.51
Total	139.47	127.56

Note - 24 Other Non Financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Insurance Contract Liabilities		
Provision for unearned premiums - Refer Note (i) below	4,433.76	3,859.52
Unallocated premium - Refer Note (ii) below	120.82	114.76
Provision for premium deficiency - Refer Note (iii) below	-	57.88
Premium received in advance - Refer Note (iv) below	26.55	59.45
Total (A)	4,581.13	4,091.61
Others		
Income received in advance	6.07	11.50
Statutory Liabilities	47.30	27.56
Other Liabilities	6.52	8.59
Total (B)	59.89	47.65
Total (A) + (B)	4,641.02	4,139.26

(i) Movement in Provision for unearned premiums

Particulars	As at March 31, 2022	As at March 31, 2021
At the beginning of the year - Gross Liability	3,859.52	3,300.21
- Reinsurance Asset (Note 10A)	(721.32)	(600.65)
- Net Liability	3,138.20	2,699.56
Premiums written in the year	3,903.28	3,641.08
Premiums recognised during the year	(3,437.10)	(3,202.44)
At the end of the year - Net Liability	3,604.38	3,138.20
- Gross Liability	4,433.76	3,859.52
- Reinsurance Assets (Note 10B)	(829.38)	(721.32)

(ii) Movement in Unallocated premium

Particulars	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	114.76	178.56
Adjustments during the year	6.06	(63.80)
At the end of the year	120.82	114.76

Notes to Consolidated Ind AS Financial Statements

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

(iii) Movement in Provision for premium deficiency

Particulars	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	57.88	-
Recognised during the year	-	57.88
Utilised during the year	57.88	-
At the end of the year	-	57.88

(iv) Movement in Premium received in advance

Particulars	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	59.45	141.70
Incurred during the year	(327.02)	(428.84)
Premiums recognised during the year	294.12	346.59
At the end of the year	26.55	59.45

Note - 25 Equity Share Capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	Nos.	Amount	Nos.	Amount
AUTHORISED				
Equity Shares of ₹1/- each	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	18,77,42,892	18.77	18,77,22,982	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, 2022		As at March 31, 2021	
	Nos.	Amount	Nos.	Amount
Equity Shares				
At the beginning of the year	18,77,22,982	18.77	18,77,16,030	18.77
Issued during the year (Refer Note below)	19,910	0.00	6,952	0.00
Outstanding at the end of the year	18,77,42,892	18.77	18,77,22,982	18.77

Note : The Company has received an amount of ₹19,910/- on allotment of Shares under Employee Stock Options for the year ended March 31, 2022 (₹6,952/- for the year ended March 31, 2021).

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, 2022	As at March 31, 2021
Ambadi Investments Limited	7,07,66,595	7,07,66,595

Notes to Consolidated Ind AS Financial Statements

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

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity Shares				
Ambadi Investments Limited	7,07,66,595	37.69	7,07,66,595	37.70

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

e) Shares reserved for issue under options

Refer Note 43 for details of shares reserved for issue under options.

f) Status on Global Depository Receipts (GDR)

The aggregate number of GDRs outstanding as at March 31, 2022 is 23,460 (as at March 31, 2021 - 23,460) each representing one Equity Share of ₹1/- face value (Previous Year ₹1/- face value). GDR % against total number of shares is 0.01% (as at March 31, 2021 - 0.01%). The GDRs carry the same terms / rights attached to Equity Shares of the Company.

g) Shareholding of Promoters

SN.	Name of the Promoter (P) / Promoter Group (PG)	As on 31-Mar-2022		As on 31-Mar-2021		Category	% Change during the year
		No. of shares	% to shares	No. of shares	% to shares		
1	Ambadi Investments Limited	7,07,66,595	37.69	7,07,66,595	37.69	Promoter	-
2	Ambadi Enterprises Ltd	10,58,200	0.56	10,58,200	0.56	Promoter	-
3	Murugappa & Sons (M V Subbiah, M A Alagappan and M M Murugappan hold shares on behalf of the Firm)	8,63,980	0.46	8,63,980	0.46	Promoter	-
4	Arun Alagappan	8,33,090	0.44	8,33,090	0.44	Promoter	-
5	M A Alagappan	7,10,000	0.38	7,10,000	0.38	Promoter	-
6	M V Murugappan - HUF (Valli Arunachalam holds shares in the capacity as karta)	5,43,330	0.29	5,43,330	0.29	Promoter	-
7	A Venkatachalam	5,13,610	0.27	5,13,610	0.27	Promoter	-
8	M A M Arunachalam	4,70,160	0.25	4,70,160	0.25	Promoter	-
9	A Vellayan	3,82,400	0.20	3,82,400	0.20	Promoter	-
10	M M Murugappan HUF (M M Murugappan holds shares in the capacity as kartha)	3,55,330	0.19	3,55,330	0.19	Promoter	-
11	V Arunachalam	3,38,990	0.18	3,38,990	0.18	Promoter	-
12	V Narayanan	2,81,140	0.15	2,81,140	0.15	Promoter	-
13	M M Muthiah HUF (M M Murugappan hold shares in the capacity as kartha)	2,77,360	0.15	2,77,360	0.15	Promoter	-
14	A Venkatachalam (Hold shares in the capacity as kartha of HUF)	2,52,000	0.13	2,52,000	0.13	Promoter	-
15	A Vellayan (Hold shares in the capacity as kartha of HUF)	2,49,500	0.13	2,49,500	0.13	Promoter	-
16	M M Murugappan	2,09,715	0.11	2,09,715	0.11	Promoter	-
17	Arun Venkatachalam	2,00,000	0.11	2,00,000	0.11	Promoter	-

Notes to Consolidated Ind AS Financial Statements

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

SN.	Name of the Promoter (P) / Promoter Group (PG)	As on 31-Mar-2022		As on 31-Mar-2021		Category	% Change during the year
		No. of shares	% to shares	No. of shares	% to shares		
18	M V Subbiah (Hold shares in the capacity as kartha of HUF)	1,71,200	0.09	1,71,200	0.09	Promoter	-
19	M A M Arunachalam (in the capacity of karta of HUF)	1,48,660	0.08	1,48,660	0.08	Promoter	-
20	M A Alagappan HUF (M A Alagappan hold shares in the capacity as kartha)	1,30,660	0.07	1,30,660	0.07	Promoter	-
21	M M Venkatachalam	4,000	0.00	4,000	0.00	Promoter	-
22	Carborundum Universal Limited	1,000	0.00	1,000	0.00	Promoter	-
23	M V Valli Murugappan	-	-	9,78,190	0.52	Promoter Group	(100%)
24	A M Meyyammai	9,31,500	0.50	9,31,500	0.50	Promoter Group	-
25	Lakshmi Ramaswamy Family Trust (A A Alagammai & Lakshmi Ramaswamy Holds Shares On Behalf Of Trust)	7,43,000	0.40	7,43,000	0.40	Promoter Group	-
26	Murugappa Educational And Medical Foundation	7,26,200	0.39	7,26,200	0.39	Promoter Group	-
27	Shambho Trust (M V Subbiah & S Vellayan are trustees of the trust)	5,97,340	0.32	5,97,340	0.32	Promoter Group	-
28	M A Murugappan Holdings LLP	5,46,860	0.29	5,46,860	0.29	Promoter Group	-
29	Saraswathi Trust (M V Subbiah, S Vellayan & M V Seetha Subbiah are trustees of the trust)	5,15,180	0.27	5,38,180	0.29	Promoter Group	(4.27%)
30	M A Alagappan Holdings Private Limited	5,29,860	0.28	5,29,860	0.28	Promoter Group	-
31	Meenakshi Murugappan Family Trust (M M Murugappan & Meenakshi Murugappan are trustees of the trust)	5,00,000	0.27	5,00,000	0.27	Promoter Group	-
32	M M Muthiah Family Trust (M M Murugappan & M M Muthiah Holds Shares On Behalf Of The Trust)	4,78,055	0.25	4,78,055	0.25	Promoter Group	-
33	MMVeerappan Family Trust (M M Murugappan & Meenakshi Murugappan Holds Shares On Behalf Of The Trust)	4,68,055	0.25	4,68,055	0.25	Promoter Group	-
34	M V Muthiah Family Trust (M M Venkatachalam & M V Muthiah Holds Shares On Behalf Of The Trust)	4,59,830	0.25	4,59,830	0.25	Promoter Group	-
35	M V Subramanian Family Trust (M M Venkatachalam & M V Subramanian hold shares on behalf of trust)	4,59,830	0.25	4,59,830	0.25	Promoter Group	-
36	M V A R Meenakshi	4,49,630	0.24	4,49,630	0.24	Promoter Group	-
37	M M Venkatachalam Family Trust (M M Venkatachalam & Lakshmi Venkatachalam hold shares on behalf of trust)	4,03,900	0.22	4,03,900	0.22	Promoter Group	-
38	A R Lakshmi Achi Trust	3,91,510	0.21	3,91,510	0.21	Promoter Group	-
39	Valli Muthiah	3,87,080	0.21	3,87,080	0.21	Promoter Group	-
40	Lakshmi Venkatachalam Family Trust (M M Venkatachalam & Lakshmi Venkatachalam are trustees of trust)	3,79,905	0.20	3,79,905	0.20	Promoter Group	-

Notes to Consolidated Ind AS Financial Statements

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

SN.	Name of the Promoter (P) / Promoter Group (PG)	As on 31-Mar-2022		As on 31-Mar-2021		Category	% Change during the year
		No. of shares	% to shares	No. of shares	% to shares		
41	Meyyammai Venkatachalam	3,58,580	0.19	3,58,580	0.19	Promoter Group	-
42	Lalitha Vellayan	-	-	3,07,160	0.16	Promoter Group	(100%)
43	M.M.Muthiah Research Foundation	2,80,920	0.15	2,80,920	0.15	Promoter Group	-
44	M M Murugappan Family Trust (M M Murugappan & Meenakshi Murugappan are trustees of the trust)	2,31,800	0.12	2,31,800	0.12	Promoter Group	-
45	Sigapi Arunachalam	2,27,990	0.12	2,27,990	0.12	Promoter Group	-
46	UMAYAL.R.	2,26,580	0.12	2,26,580	0.12	Promoter Group	-
47	Arun Murugappan Children's Trust (M A M Arunachalam & Sigappi Arunachalam hold on behalf of trust)	2,20,278	0.12	2,20,278	0.12	Promoter Group	-
48	M A Alagappan Grand Children Trust (Arun Alagappan & A A Alagammai hold shares on behalf of Trust)	2,16,777	0.12	2,16,777	0.12	Promoter Group	-
49	Murugappan Arunachalam Children Trust (Sigapi Arunachalam alongwith others hold shares of Trust)	2,15,410	0.11	2,15,410	0.11	Promoter Group	-
50	Lakshmi Chockalingam	1,58,660	0.08	1,58,660	0.08	Promoter Group	-
51	Valli Annamalai	1,57,127	0.08	1,57,127	0.08	Promoter Group	-
52	M Vellachi	5,97,425	0.32	1,15,330	0.06	Promoter Group	418.01%
53	A M M Vellayan Sons P Ltd	38,430	0.02	38,430	0.02	Promoter Group	-
54	Pranav Alagappan	28,050	0.02	28,050	0.02	Promoter Group	-
55	Valliammai Murugappan	17,032	0.01	17,032	0.01	Promoter Group	-
56	M V Seetha Subbiah Benefit trust (M V Subbiah & S Vellayan hold shares on behalf of the Trust)	14,500	0.01	14,500	0.01	Promoter Group	-
57	Valli Subbiah Benefit Trust (S Vellayan & M V Subbiah hold shares on behalf of the Trust)	14,500	0.01	14,500	0.01	Promoter Group	-
58	Dhruv M Arunachalam	11,000	0.01	11,000	0.01	Promoter Group	-
59	Solachi Ramanathan	8,500	0.00	8,500	0.00	Promoter Group	-
60	M.M.Muthiah Sons Private Ltd	4,200	0.00	4,200	0.00	Promoter Group	-
61	A V Nagalakshmi	3,600	0.00	3,600	0.00	Promoter Group	-
62	V Vasantha	2,300	0.00	2,300	0.00	Promoter Group	-
63	Uma Ramanathan	2,000	0.00	2,000	0.00	Promoter Group	-
64	Lakshmi Venkatachalam	1,200	0.00	1,200	0.00	Promoter Group	-
65	Valli Alagappan	1,000	0.00	1,000	0.00	Promoter Group	-
66	A.Keertika Unnamalai	500	0.00	500	0.00	Promoter Group	-
67	Meenakshi Murugappan	70	0.00	70	0.00	Promoter Group	-
68	Valli Arunachalam	4,96,095	0.26	-	0.00	Promoter Group	100%
	Total P/PG Holdings	9,12,63,179	48.61	9,15,93,339	48.79		
	Total Paid up share capital	18,77,42,892		18,77,22,982			

Notes to Consolidated Ind AS Financial Statements

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

Note - 26 Other Equity

Note - 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.

Note - 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.

Note - 26c Capital Reserve On Consolidation

Capital reserve on consolidation represents the effect on reserves on account of additional investment in CIFCL during the year 2019-20.

Note - 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 Rs. 20 crores as at March 31, 2022.

Note - 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.

Note - 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.

Note - 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.

Note - 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.

Note - 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.

Notes to Consolidated Ind AS Financial Statements

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

Note - 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.

Note - 26k FVOCI reserve

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

Note - 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.

Note - 26m Proposed Dividend

The Board of Directors of the Company at their meeting held on May 11, 2022, have recommended a final dividend of 55% being ₹0.55 per equity share of face value of ₹1/- of the Company, for the year ended March 31, 2022 which is subject to approval by the shareholders at the ensuing Annual General Meeting.

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Income from Operations		
Note - 27A		
Interest - on financial assets		
(a) Loans		
- Bills Discounting	17.51	7.66
- Term Loans	9,307.52	8,869.55
(b) Debt Securities	608.16	628.17
(c) Alternate Investment Fund & Long term Financial Assets	1.94	1.38
(d) Terrorism Pool	8.68	9.84
(e) Bank Deposits		
- Bank Deposits under lien	15.44	21.47
- Other Bank Deposits free of lien	182.72	292.30
(f) Other Deposits		
- Deposits with FIs	13.59	22.99
(g) Investment in Government Securities	95.12	33.01
Total (A)	10,250.68	9,886.37
Note - 27B		
Fees & Commission income *		
- Term Loans	383.74	206.85
- Reinsurance Commission	378.14	300.74
- Other Services	38.88	28.58
Total (B)	800.76	536.17
*Services are transferred at a point in time		
Note - 27C		
Premium earned (net of re-insurance)	3,435.53	3,201.27
Total (C)	3,435.53	3,201.27

Notes to Consolidated Ind AS Financial Statements

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Gross Earned Premium		
Premium from Direct Business Written	5,162.28	4,691.63
Premium on re-insurance accepted	29.81	12.05
Gross Written Premium	5,192.09	4,703.68
Adjustments for Change in Provision for Unexpired Risks	574.23	559.30
Total Premium Earned (Gross)	4,617.86	4,144.38
Less: Premium ceded to reinsurers	1,290.39	1,063.78
Adjustments for Change in Provision for Unexpired Risks-RI ceded	108.06	120.67
Total Premium income	3,435.53	3,201.27
Note: 27D		
Investment income		
- Dividend income	4.23	1.74
Total (D)	4.23	1.74
Note - 27E		
Net gain on fair value changes		
Profit on Sale of Investments - Equity Instruments		
- Realised Gains/(Loss) on Sale of Equity Instruments	34.30	4.72
- Fair Value changes of Equity Instruments	5.43	54.82
Profit on Sale of Investments - Debt Instruments		
- Realised Gains/(Loss) on Sale of Debt Instruments - FVTPL	26.09	52.41
- Realised Gains/(Loss) on Sale of Debt Instruments - FVTOCI	3.31	9.70
- Realised Gains/(Loss) on Sale of Debt Instruments - At amortised cost	27.57	76.63
- Fair Value changes of Debt Instruments through Profit and Loss Account	(29.10)	(4.05)
Total (E)	67.60	194.23
Note - 27F		
Service Income		
(a) Servicing and Collection fee on Assignment	5.04	6.91
(b) Other Service Income	79.71	73.46
Total (F)	84.75	80.37
Note: Timing of revenue recognition		
Services transferred at a point of time	78.75	74.37
Services transferred over a time	6.00	6.00
Total	84.75	80.37

Details related to services transferred over a time

a) Contract balances

Particulars	As at March 31, 2022	As at March 31, 2021
Contract Liabilities	4.41	10.41

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.

Notes to Consolidated Ind AS Financial Statements

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

b) Movement in Contract liability during the year as follows

Particulars	2021-22	2020-21
Contract liability at the beginning of the year	10.41	16.41
Revenue Recognised during the year	6.00	6.00
Contract liability at the end of the year	4.41	10.41

Particulars	2021-22	2020-21
c) Total Revenue from contracts with Customer (27B+27F)	885.51	616.54

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, 2021)

f) Performance Obligation:

Servicing and Collection fee on Assignment: to collect the receivable from the customer and transfer the same to the assignee representative.

Other Servicing Income: To enable space for advertising at the branches and other related services.

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

Note - 28 Other Income

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Recovery of Bad debts	83.35	55.94
Rent	0.51	0.25
Miscellaneous Income	7.57	4.50
	91.43	60.69

Note - 29 Finance Costs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest on financial liabilities measured at amortised cost		
- Debt Securities	801.63	729.11
- Borrowings Other than Debt securities	3,072.43	3,400.32
- Subordinated Liabilities	395.65	435.61
Others		
- Bank charges	37.43	26.79
- Interest on lease liability	8.83	15.99
- Interest on Income tax	11.90	-
	4,327.87	4,607.82

Notes to Consolidated Ind AS Financial Statements

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

Note - 30 Insurance Claims

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Gross claims paid	2,441.03	1,601.76
Changes in Gross claims outstanding	635.46	1,235.92
Change in premium deficiency provision	(57.88)	57.88
Gross Incurred claims	3,018.61	2,895.56
RI Recovery		
RI Recovery on Claims paid	566.62	396.35
Change in premium deficiency provision	2.05	(2.05)
Change in contract liabilities ceded to reinsurers	93.88	121.49
Net Incurred Claims	2,356.06	2,379.77

Note - 31 Impairment on Financial Instruments

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Impairment provision - Loans-measured at amortised cost	879.94	1,378.04
Impairment provision - Terrorism Pool Assets/other assets/ receivables	(0.22)	(1.42)
Impairment provision (net of reversals) - Debt Securities-measured at amortised cost	(90.64)	(85.52)
Investments Written Off*	46.35	197.57
Others	0.40	0.52
Total	835.83	1,489.19

*CMSGICL has invested in debt securities of certain companies aggregating ₹324.72 crores as at March 31, 2022 which have defaulted repayment of principal and payment of interest to the CMSGICL in certain securities which are downgraded to default category. These investments are classified as Stage 3 assets. Accordingly, allowance for expected credit loss has been provided for ₹34.94 crores and write off of investments of ₹277.81 crores has been accounted as at March 31, 2022 resulting in the carrying value of these investments at ₹11.97 crores as at March 31, 2022. This includes write off of ₹46.35 crores accounted in the Statement of Profit and Loss account during the year and reversal of opening provision / write off for diminution in value of investments of ₹90.64 crores during the year pursuant to resolution plan approved by National Company Law Tribunal (NCLT) for recovery of investments.

Note - 32 Employee Benefits Expense

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, Bonus and Commission	1,244.13	1,115.47
Contribution to Provident and Other Funds		
- Employees' Provident Fund	49.51	42.02
- Superannuation Fund	4.12	3.44
Share based employee payments	20.48	5.64
Gratuity Expense	15.89	13.11
Staff Welfare Expenses	20.18	9.90
Total	1,354.31	1,189.58

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, 2022	Year ended March 31, 2021
Rent and facility charges	16.20	8.07
Rates and Taxes	52.69	21.45
Energy cost	13.77	12.36
Repairs and Maintenance	7.94	6.84
Communication Costs	39.53	34.42
Business development expense	0.04	0.34
Brokerage	5.24	2.90
Commission on insurance business	450.56	321.70
Printing and Stationery	22.35	15.15
Advertisement and publicity Expenses	454.08	244.55
Directors Fees, allowances and expenses	2.25	1.76
Marketing expenses (Refer Note 1 below)	528.13	322.34
Auditors' Remuneration (Refer Note 2 below)	1.92	1.63
Legal and Professional Charges	130.32	70.02
Insurance	26.99	15.32
Travelling and Conveyance	59.60	30.00
Information Technology Expenses	97.25	74.86
Loss on Sale of Property, Plant and Equipment (Net)	(0.12)	0.20
Recovery Charges	424.25	266.57
Corporate Social Responsibility Expenditure	43.31	38.10
Outsource cost	226.51	225.81
Miscellaneous Expenses	61.09	34.46
	2,663.90	1,748.85
Less : Expenses Recovered	(0.71)	(0.12)
	2,663.19	1,748.73

Note 1

CMSGICL, a subsidiary of the Company received a correspondence dated July 23, 2021 from Insurance Regulatory Development Authority of India ('IRDAI'), pursuant to which:

- absorb the amount outstanding as on March 31, 2021 under the head "prepayments" pertaining to costs incurred for acquiring long term policies in the past years in four quarters, starting from April 01, 2021, on a straight-line basis and also with effect from April 01, 2021, expense such acquisition costs on long term policies in the period in which they are incurred. Accordingly, ₹326.51 crore has been absorbed during the year ended March 31, 2022, which related to the prepayments as at March 31, 2021 and ₹226.89 crore incurred during the period has been expensed in the Statement of Profit & Loss during the year ended March 31, 2022.
- The net impact of the above in the Statement of Profit and Loss was that the profit before tax for the year ended March 31, 2022 is lower by ₹476.39 crore consequent to the aforesaid directive from IRDAI.

Note 2

Auditors' Remuneration includes remuneration to auditors of Subsidiaries and predecessor auditor of the company - ₹1.76 crs (Previous year - ₹1.63 crs)

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, 2022	Year ended March 31, 2021
Profit After Tax (₹ in crores)	1,023.07	824.64
Weighted Average Number of Equity Shares (Basic)	18,77,32,278	18,77,17,997
Add: Dilutive effect relating to ESOP	13,351	16,610
Weighted Average Number of Equity Shares (Diluted)	18,77,45,629	18,77,34,607
Earnings per Share – Basic (₹)	54.50	43.93
Earnings per Share – Diluted (₹)	54.49	43.93
Face Value Per Share (₹)	1	1

Note - 35 Income tax reconciliation

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Accounting profit before tax	3,043.56	2,400.28
Income tax rate of 25.17% (March 31, 2021 – 25.17%)	784.67	616.32
Effects of:		
Difference in tax base for Donation & CSR expense	9.88	8.83
Share based payment expense – No deduction claimed under tax	5.47	1.80
Deduction u/s 57	(2.55)	(2.45)
Deduction u/s 80JJA	(0.28)	(0.28)
Tax free interest income accrued	(2.30)	(2.30)
Deductions u/s 80M of the Income tax Act	(2.60)	-
Dividend distribution tax attributable to dividend received /proposed to be received from subsidiary		6.57
Other disallowance of the Income tax Act	2.57	6.10
Other adjustments	6.47	1.79
Income tax expense reported in statement of Profit and Loss	801.33	636.38

Note - 36 Transfer of financial assets

Note - 36.1 Transferred financial assets that are not derecognised in their entirety

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

A) Securitisation

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

Particulars	As at March 31, 2022	As at March 31, 2021
Securitisations		
Carrying amount of transferred assets measured at amortised cost	3,750.13	4,752.42
Carrying amount of associated liabilities (Borrowings other than Debt securities - measured at amortised cost)	3,672.47	4,639.16
Fair value of assets	3,805.13	4,761.31
Fair value of associated liabilities	3,427.67	4,373.74
Net position at Fair Value	377.46	387.57

Notes to Consolidated Ind AS Financial Statements

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

B) Direct bilateral assignment

The Group has transferred certain loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance.

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

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, 2022	As at March 31, 2021
Assignment		
Carrying amount of de-recognised financial asset	2,764.99	4,160.42
Carrying amount of Retained Assets at amortised cost	317.34	475.02

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Assignment		
Gain on sale of the de-recognised financial asset	-	-

Note - 36.2 Transferred financial assets that are derecognised in their entirety but where the Group has continuing involvement

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

Note - 37 Micro and Small 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). The relevant particulars as required under MSMED Act, are furnished below:

Particulars	As at March 31, 2022	As at March 31, 2021
Principal amount due to suppliers as at the year end	3.24	0.04
Interest accrued and due to suppliers 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 (other than Section 16)	-	-
Interest paid to suppliers (Section 16)	-	-
Interest due and payable to suppliers for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers	-	-

Notes to Consolidated Ind AS Financial Statements

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

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 ₹42.08 Crores (Previous Year – ₹42.02 Crores) to Provident Fund under Defined Contribution Plan, ₹11.10 Crores (Previous Year – ₹9.37 Crores) for Contributions to Superannuation Fund and ₹0.33 Crores (Previous Year – ₹0.50 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 Indian employees, which requires contributions to be made to a separately administered fund. The gratuity plan is funded with Life Insurance Corporation of India (LIC). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Details of Actuarial Valuation:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Projected Benefit Obligation at the beginning of the year	89.37	74.68
Current Service Cost	14.48	12.06
Interest Cost	5.61	4.77
Remeasurement Losses/(Gains)		
a) Effect of changes in demographic assumptions	0.03	-
b) Effect of experience adjustments	(0.29)	0.48
c) Effect of changes in financial assumptions	3.11	0.98
Benefits paid	(6.06)	(3.60)
Projected Benefit Obligation at the end of the year	104.45	89.37
Change in Plan Assets		
Fair Value of Plan Assets at the Beginning of the Year	66.96	58.38
Expected Returns on Plan Assets	4.17	3.72
Employer's Contribution	23.14	8.74
Benefits paid	(6.06)	(3.60)
Return on plan assets (excluding interest income)	0.76	(0.28)
Fair Value of Plan Assets at the end of the year	88.97	66.96
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets as at the end of the year	88.97	66.96
Liability at the end of the year	104.45	89.37
Amount Recognised in the Balance Sheet	(15.48)	(22.41)
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	14.45	12.06
Net interest (income) / expense	5.61	4.77
Expected Return on Plan Assets	(4.17)	(3.72)
Net Cost recognized in the Statement of Profit and Loss	15.89	13.11

Notes to Consolidated Ind AS Financial Statements

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurement Losses /(Gains)		
a) Effect of changes in demographic assumptions	0.03	-
b) Effect of experience adjustments	3.11	0.48
c) Return on plan assets (excluding interest income)	(0.75)	0.28
d) Effect of changes in financial assumptions	(2.09)	0.98
Net cost recognised in Other Comprehensive Income	0.30	1.74
Assumptions		
Discount Rate	6.68% to 6.70% p.a.	6.13% to 6.25% p.a.
Future salary increase	7.50% to 8.00% p.a.	7.00% to 7.50% p.a.
Attrition Rate		
Senior management	13% p.a.	13% p.a.
Middle management	13% p.a.	13% p.a.
Others	13% to 17% p.a.	13% to 15% p.a.
Expected rate of return on Plan Assets	6.70% to 7.50% p.a.	6.25% to 7.10% p.a.
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2012-14) Ultimate
Expected Payment for future years		
Within the next 12 months (next annual reporting period)	15.91	12.79
Between 2 and 5 years	51.99	43.47
Between 5 and 10 years	45.77	38.92
Beyond 10 years	43.51	38.05
Total Expected Payments	157.18	133.23

Sensitivity Analysis:

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount Rate (+/- 0.50% - 1%)	99.13	110.35	82.84	94.66
Salary Growth Rate (+/- 0.50% - 1%)	109.55	99.66	94.02	85.03
Attrition Rate (+/- 5% - 50% of attrition rates)	85.08	87.97	87.52	92.21
Mortality Rate (+/- 5% - 10% of mortality rates)	86.34	86.34	87.89	87.89

Notes:

- (i) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- (ii) 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.
- (iii) The entire Plan Assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC).
- (iv) The above sensitivity analysis are based on change in an assumption which is holding all the other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant actuarial assumptions the same method of present value of defined benefit obligations calculated with Projected unit cost method at the end of the reporting period has been applied while calculating defined benefit liability recognised in the balance sheet.
- (v) The method and type of assumptions used in preparing the sensitivity analysis does not change compared to the prior period.

Notes to Consolidated Ind AS Financial Statements

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

Description of Risk exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Group is exposed to various risks in providing the above gratuity benefit which are as follows:

- (a) **Interest Rate risk:** The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability(as shown in financial statements).
- (b) **Liquidity Risk:** This is the risk that the Group is not able to meet the short-term gratuity payouts. This may arise due to non-availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.
- (c) **Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
- (d) **Demographic Risk:** The Group has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.
- (e) **Regulatory Risk:** Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972(as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g.Increase in the maximum limit on gratuity of Rs. 20,00,000).
- (f) **Asset Liability Mismatching or Market Risk:** The duration of the liability is longer compared to duration of assets, exposing the Group to market risk for volatilities/fall in interest rate.
- (g) **Investment Risk:** The probability or likelihood of occurrence of losses relative to the expected return on an particular investment.

C) Compensated Absences

Assumptions	Year ended March 31, 2022	Year ended March 31, 2021
Discount Rate	6.68% to 6.70% p.a.	6.13% to 6.25% p.a.
Future salary increase	7.50% to 8.00% p.a.	7.00% to 7.50% p.a.
Attrition Rate		
Senior management	13% p.a.	13% p.a.
Middle management	13% p.a.	13% p.a.
Others	13% to 15% p.a	13% to 15% p.a
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2012-14) Ultimate

Notes:

- (i) The Group has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2022.
- (ii) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- (iii) 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.

During year ending March 31, 2022, 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, 2022					Total
	Financing	Insurance	Others	Unallocable	Inter-segment revenue	
Revenue from Operations						
- Interest Income	9,567.35	695.59	0.86	-	(13.12)	10,250.68
- Dividend Income	0.17	3.94	74.70	-	(74.58)	4.23
- Net gain on derecognition of financial instruments under amortised cost category	-	-	-	-	-	-
- Premium Income (net)	-	3,437.10	-	-	(1.57)	3,435.53
- Fee & Commission Income	472.54	378.14	-	-	(49.92)	800.76
- Net gain on Fair value change on financial instrument	16.11	51.05	-	-	0.44	67.60
- Service & Other Income	84.75	-	7.95	-	(7.95)	84.75
Segment revenue from Operation	10,140.92	4,565.82	83.51	-	(146.70)	14,643.55
Expenses						
- Finance costs	4,297.66	33.19	10.14	-	(13.12)	4,327.87
- Insurance claims	-	2,356.06	-	-	-	2,356.06
- Impairment of Financial Instruments	880.34	(44.51)	-	-	-	835.83
- Employee benefits expense	957.20	395.86	1.25	-	-	1,354.31
- Depreciation and amortisation expense	100.63	53.51	0.02	-	-	154.16
- Other expenses	1,088.38	1,632.89	1.36	-	(59.44)	2,663.19
Segment Expenses	7,324.21	4,427.00	12.77	-	(72.56)	11,691.42
Segment Profit before taxation	2,907.60	139.36	70.74	-	(74.14)	3,043.56
Tax expense						801.33
Share of Profit / (Loss) from Associate/Joint Venture						(2.87)
Profit for the year						2,239.36

Notes to Consolidated Ind AS Financial Statements

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

Particulars	Year ended March 31, 2021					
	Financing	Insurance	Others	Unallocable	Inter-segment revenue	Total
Revenue from Operations						
- Interest Income	9,224.77	676.15	1.50	-	(16.05)	9,886.37
- Dividend Income	0.13	1.49	48.60	-	(48.48)	1.74
- Net gain on derecognition of financial instruments under amortised cost category	-	-	-	-	-	-
- Premium Income (net)	-	3,202.44	-	-	(1.17)	3,201.27
- Fee & Commission Income	269.39	300.74	-	-	(33.96)	536.17
- Net gain on Fair value change on financial instrument	4.87	189.21	-	-	0.15	194.23
- Service and Other Income	80.37	-	7.95	-	(7.95)	80.37
Segment revenue from Operations	9,579.53	4,370.03	58.05	-	(107.46)	13,900.15
Expenses						
- Finance costs	4,575.54	26.67	21.66	-	(16.05)	4,607.82
- Insurance claims	-	2,379.77	-	-	-	2,379.77
- Impairment of Financial Instruments	1,322.11	167.03	0.05	-	-	1,489.19
- Employee benefits expense	791.84	143.42	1.07	-	(0.83)	935.50
- Depreciation and amortisation expense	102.30	43.16	0.01	-	-	145.47
- Other expenses	744.07	1,299.53	1.46	-	(42.25)	2,002.81
Segment Expenses	7,535.86	4,059.58	24.25	-	(59.13)	11,560.56
Segment Profit / (loss) before taxation	2,047.90	366.82	33.89	-	(48.33)	2,400.28
Tax expense						636.38
Share of Profit from Associate/Joint Venture						0.32
Profit for the year						1,764.22
Particulars	Financing	Insurance	Others	Unallocable		Total
As on March 31, 2022						
Segment Assets	81,551.77	14,979.87	29.47	-	-	96,561.11
Unallocable Assets	-	-	-	1,364.70	-	1,364.70
Inter-segment Assets	-	-	-	(153.54)	-	(153.54)
Total Assets						97,772.27
Segment Liabilities	70,709.68	13,483.51	102.66	-	-	84,295.85
Unallocable Liabilities	-	-	-	1.21	-	1.21
Inter-segment Liabilities	-	-	-	(153.56)	-	(153.56)
Total Liabilities						84,143.50
As on March 31, 2021						
Segment Assets	73,727.52	13,701.52	39.62	-	-	87,468.66
Unallocable Assets	-	-	-	1,336.47	-	1,336.47
Inter-segment Assets	-	-	-	(189.57)	-	(189.57)
Total Assets						88,615.56
Segment Liabilities	65,002.11	12,234.90	161.31	-	-	77,398.32
Unallocable Liabilities	-	-	-	48.07	-	48.07
Inter-segment Liabilities	-	-	-	(189.57)	-	(189.57)
Total Liabilities						77,256.82

Notes to Consolidated Ind AS Financial Statements

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

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

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

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

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
- b. Payswiff Technologies private Limited and its subsidiaries (from February 8, 2022)

V. Associate

- a. White Data Systems India Private Limited
- b. Vishvakarma Payments Private Limited (from March 30, 2021)
- c. Paytail Commerce Private Limited (from September 15, 2021)

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

- a. Mr. N. Ganesh - Manager & Chief Financial Officer
- b. Ms. E. Krithika - Company Secretary

VII. Non-Executive Directors

- a. Mr. M. M. Murugappan
- b. Mr. Ashok Kumar Barat (upto December 21, 2021)
- c. Mr. B Ramaratnam
- d. Mr. V Ravichandran (upto November 11, 2020)
- e. Mr. Sridharan Rangarajan
- f. Ms. Vasudha Sundararaman (w.e.f. February 12, 2020)
- g. Mr. Vellayan Subbiah (w.e.f. November 11, 2020)
- h. Mr.K Balasubramanian (w.e.f. March 17, 2022)

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

Notes to Consolidated Ind AS Financial Statements

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

b) Transactions during the year

Nature of Transactions	Year ended March 31, 2022	Year ended March 31, 2021
Dividend Payments (Equity Shares)		
a) Ambadi Investments Limited	10.63	4.38
b) Parry Enterprises Limited (₹0.0004 Crores for year ended March 31, 2022 and ₹0.0003 Crores March 31, 2021)	0.00	0.00
c) Directors	0.012	-
d) Relative of directors and other entities in which directors are interested	0.11	-
Dividend Receipts (Equity Shares)		
a) Cholamandalam MS Risk Services Limited	0.12	0.12
Expenses – Reimbursed		
a) Mitsui Sumitomo Insurance Company Limited	1.35	1.35
b) Cholamandalam MS Risk Services Limited	0.09	-
c) White Data Systems India Private Limited	0.03	-
Services Received		
a) Parry Enterprises Limited	5.93	1.76
b) White Data Systems India Private Limited	0.24	0.29
Interest Income		
a) White Data Systems India Private Limited	0.21	0.26
b) Payswiff Solutions Private Limited	0.01	-
Services Paid – Technical & Advisory fee		
a) Cholamandalam MS Risk Services Limited	2.43	1.69
Expenses recovered – Rent receipts		
a) Parry Enterprises Limited	0.01	0.01
b) Mitsui Sumitomo Insurance Company Limited	1.47	1.37
c) Cholamandalam MS Risk Services Limited	0.19	0.22
Expenses incurred - Premium paid		
a) Parry Enterprises Limited	0.29	0.40
b) Parry Agro Limited	0.01	0.01
c) Cholamandalam MS Risk Services Limited	0.05	0.04
Expenses recovered – Management expenses		
a) Mitsui Sumitomo Insurance Company Limited	1.13	0.75
Advances/Loans given		
a) Mitsui Sumitomo Insurance Company Limited	3.21	4.34
b) Parry Enterprises Limited	3.00	-
c) White Data Systems India Private Limited	3.00	3.40
Advances/Loans recovered		
a) Mitsui Sumitomo Insurance Company Limited	3.21	4.34
b) Parry Enterprises Limited	3.00	-
c) White Data Systems India Private Limited	3.40	3.40

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, 2022	Year ended March 31, 2021
Reinsurance Ceded		
a) Mitsui Sumitomo Insurance Company Limited	59.47	54.69
Reinsurance Commission Received		
a) Mitsui Sumitomo Insurance Company Limited	11.38	12.91
Reinsurance Recovery Claims		
a) Mitsui Sumitomo Insurance Company Limited	115.71	33.50
Gross Insurance Claims		
a) Parry Enterprises Limited	-	0.01
b) Parry Agro Limited	0.09	0.06
c) Cholamandalam MS Risk Services Limited	0.04	0.04
d) Ambadi Investments Limited	0.16	-
Commission and Sitting fees to Non-executive directors	0.76	0.66

c) Balances Outstanding at the year end

Particulars	As at March 31, 2022	As at March 31, 2021
Loan Receivables		
a) White Data Systems India Private Limited	3.00	3.40
Other Receivables /(Payable)		
a) Parry Enterprises Limited	(0.46)	0.01
b) Mitsui Sumitomo Insurance Company Limited	-	0.04
c) Cholamandalam MS Risk Services Limited	-	0.06
d) White Data Systems India Private Limited	(0.10)	(0.06)
e) Paytail Commerce Private Limited	4.37	-
Receivable due from other entities carrying on insurance business		
a) Mitsui Sumitomo Insurance Company Limited	(91.65)	1.70

d) Key Managerial Personnel

Nature of Transactions	Year ended March 31, 2022	Year ended March 31, 2021
Short-term employee benefits	1.23	1.06
Post-employment pension (Defined Contribution)	0.02	0.01

Note - 41 Contingent Liabilities and Commitments

a) Contested Claims not provided for:

Particulars	As at March 31, 2022	As at March 31, 2021
Income tax and Interest on Tax issues where the Group has gone on appeal Decided in the Group's favour by Appellate Authorities and for which the Department is on further appeal with respect to Income Tax	795.97	724.05
Sales Tax issues pending before Appellate Authorities in respect of which the Group is on appeal.	6.34	218.98
Service Tax issues pending before Appellate Authorities in respect of which the Group is on appeal.	94.37	41.61
Disputed claims against the Group lodged by various parties under litigation (to the extent quantifiable)	199.92	199.92
Decided in the Group's favour by Appellate Authorities and for which the Department is on further appeal with respect to Sales Tax	144.58	108.01
	1.02	-

Notes to Consolidated Ind AS Financial Statements

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

- (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, 2022	As at March 31, 2021
Capital commitments	54.67	51.24
Disbursements – Undrawn lines	1,485.88	1,241.90

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

d) Bank Guarantee

Particulars	As at March 31, 2022	As at March 31, 2021
Outstanding bank guarantees given to Stock exchanges/Stock Holding Corporation of India Limited to meet margin requirements	30.50	14.85

Note - 42 Changes in Provisions

Particulars	As at March 31, 2021	Additional Provision	Utilisation/ Reversal	As at March 31, 2022
Provision for Contingencies and Service Tax claims	43.47	1.07	5.01	39.53
Provision for Undrawn commitments	1.04	0.16	-	1.20

Particulars	As at March 31, 2020	Additional Provision	Utilisation/ Reversal	As at March 31, 2021
Provision for Contingencies and Service Tax claims	38.38	5.09	-	43.47
Provision for Undrawn commitments	1.31	0.89	1.16	1.04

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.

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, 2021	During the Year 2021-22			Options Outstanding as at March 31, 2022	Options vested but not exercised as at April 01, 2021	Options vested but not exercised as at March 31, 2022	Exercise Price ₹	Weighted Average Remaining Contractual Life
			Options Granted	Options Cancelled / lapsed	Options Exercised & allotted					
Grant 12	02-Nov-11	7,392	-	2,392	5,000	-	7,392	-	98.74	-
Total		7,392	-	2,392	5,000	-	7,392	-		

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options Outstanding as at April 01, 2021	During the Year 2021-22			Options Outstanding as at March 31, 2022	Options vested but not exercised as at April 01, 2021	Options vested but not exercised as at March 31, 2022	Exercise Price ₹	Weighted Average Remaining Contractual Life
			Options Granted	Options Cancelled / lapsed	Options Exercised & allotted					
Grant 1	15-Mar-17	56,590	-	-	14,910	41,680	56,590	41,680	416.86	0.96

Employee Stock Option Plan 2007

Particulars	Date of Grant	Options Outstanding as at April 01, 2020	During the Year 2020-21			Options Outstanding as at March 31, 2021	Options vested but not exercised as at April 01, 2020	Options vested but not exercised as at March 31, 2021	Exercise Price ₹	Weighted Average Remaining Contractual Life
			Options Granted	Options Cancelled / lapsed	Options Exercised & allotted					
Grant 12	02-Nov-11	10,916	-	1,572	1,952	7,392	10,916	7,392	98.74	0.59
Total		10,916	-	1,572	1,952	7,392	10,916	7,392		

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options Outstanding as at April 01, 2020	During the Year 2020-21			Options Outstanding as at March 31, 2021	Options vested but not exercised as at April 01, 2020	Options vested but not exercised as at March 31, 2021	Exercise Price ₹	Weighted Average Remaining Contractual Life
			Options Granted	Options Cancelled / lapsed	Options Exercised & allotted					
Grant 1	15-Mar-17	61,590	-	-	5,000.00	56,590	61,590	56,590	416.86	1.96

Notes to Consolidated Ind AS Financial Statements

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

b) Stock Options of Cholamandalam Investment and Finance Company Limited (CIFCL)

Employee Stock Option Plan 2007

Particulars	Date of Grant	Options outstanding As at March 31, 2021	During the Year 2021-22				Options outstanding As at March 31, 2022	Options vested but not exercised As at March 31, 2022	Options unvested As at March 31, 2022	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 30 APR 2011	30-Apr-11	10,240	-	-	-	10,240	-	-	33	-	
GT 27 OCT 2011	27-Oct-11	8,580	-	-	8,580	-	-	-	31	-	
Total		18,820	-	-	-	18,820	-	-			

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding As at March 31, 2021	During the Year 2021-22				Options outstanding As at March 31, 2022	Options vested but not exercised As at March 31, 2022	Options unvested As at March 31, 2022	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	16,64,690	-	-	6,01,040	10,63,650	-	-	202	-	
GT30JAN2018	30-Jan-18	2,04,085	-	-	84,675	1,19,410	1,89,240	-	262	-	
GT30JAN2018A	30-Jan-18	87,300	-	-	-	87,300	17,470	-	262	-	
GT23APR2018	23-Apr-18	26,940	-	-	-	26,940	13,470	13,470	312	0.06 years	
GT26JUL2018	26-Jul-18	1,40,360	-	-	3,000	1,37,360	1,08,560	28,800	299	-	
GT30OCT2018	30-Oct-18	2,97,400	-	-	70,100	2,27,300	1,30,580	96,720	254	0.08 years	
GT19MAR2019	19-Mar-19	5,71,180	-	-	1,36,260	4,34,920	2,86,750	1,48,170	278	0.97 years	
GT30JUL2019	30-Jul-19	26,772	-	-	26,772	-	-	-	248	-	
GT05NOV2019	05-Nov-19	2,50,040	-	-	51,740	1,98,300	32,940	1,65,360	316	1.10 years	
GT23JAN2020	23-Jan-20	42,400	-	10,600	-	31,800	-	31,800	318	1.32 years	
GT03JUNE2020	03-Jun-20	2,11,900	-	-	44,285	1,67,615	-	1,69,520	158	1.30 years	
GT03JUNE2020A	03-Jun-20	1,905	-	-	-	1,905	-	-	158	1.30 years	
GT07MAY2021	07-May-21	-	10,66,600	-	-	10,66,600	-	10,66,600	580	1.80 years	
GT30JULY2021	30-Jul-21	-	24,700	-	-	24,700	-	24,700	487	2.03 years	
GT29OCT2021	29-Oct-21	-	8,08,120	-	-	8,08,120	-	8,08,120	609	2.28 years	
GT01FEB2022	01-Feb-22	-	1,26,100	-	-	1,26,100	-	1,26,100	630	2.54 years	
Total		35,24,972	20,25,520	10,600	10,17,872	45,22,020	18,42,660	26,79,360			

* 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, 2020	During the Year 2020-21				Options outstanding As at March 31, 2021	Options vested but not exercised As at March 31, 2021	Options unvested As at March 31, 2021	Exercise Price ₹	Weighted Average Remaining Contractual Life
			Addition in number of options on account of share split*	Options Granted	Options Forfeited/ Expired	Options Exercised and allotted					
GT 27 JAN 2011A	27-Jan-11	23,120	-	-	-	23,120	-	-	38	-	
GT 30 APR 2011	30-Apr-11	25,240	-	-	15,000	10,240	10,240	-	33	-	
GT 27 OCT 2011	27-Oct-11	29,760	-	-	21,180	8,580	8,580	-	31	-	
Total		78,120	-	-	59,300	18,820	18,820	-	-	-	

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding As at March 31, 2020	During the Year 2020-21				Options outstanding As at March 31, 2021	Options vested but not exercised As at March 31, 2021	Options unvested As at March 31, 2021	Exercise Price ₹	Weighted Average Remaining Contractual Life
			Addition in number of options on account of share split*	Options Granted	Options Forfeited/ Expired	Options Exercised and allotted					
GT25JAN2017	25-Jan-17	21,18,600	-	1,92,140	2,61,770	16,64,690	16,64,690	-	202	-	
GT30JAN2018	30-Jan-18	2,38,485	-	-	34,400	2,04,085	2,04,085	-	262	-	
GT30JAN2018A	30-Jan-18	89,800	-	-	2,500	87,300	60,360	26,940	262	0.84 years	
GT23APR2018	23-Apr-18	44,900	-	-	17,960	26,940	-	26,940	312	0.56 years	
GT26JUL2018	26-Jul-18	2,74,860	-	1,31,500	3,000	1,40,360	86,600	53,760	299	0.32 years	
GT30OCT2018	30-Oct-18	3,67,300	-	44,900	25,000	2,97,400	1,03,960	1,93,440	254	1.08 years	
GT19MAR2019	19-Mar-19	5,88,460	-	-	17,280	5,71,180	2,75,740	2,95,440	278	1.47 years	
GT30JUL2019	30-Jul-19	31,632	-	4,860	-	26,772	13,386	13,386	248	0.33 years	
GT05NOV2019	05-Nov-19	2,75,600	-	-	25,560	2,50,040	29,560	2,20,480	316	1.73 years	
GT23JAN2020	23-Jan-20	53,000	-	-	10,600	42,400	-	42,400	318	1.94 years	
GT03JUNE2020	03-Jun-20	-	-	2,11,900	-	2,11,900	-	2,11,900	158	1.88 years	
GT03JUNE2020A	03-Jun-20	-	-	1,905	-	1,905	-	1,905	158	0.18 years	
Total		40,82,637	-	2,13,805	3,73,400	3,98,070	24,38,361	10,86,591			

* 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)

Note - 43 ESOP Disclosure of Cholamandalam Financial Holdings Limited

The Fair Value of Options used to compute proforma net profit and earnings per Equity Share have been estimated on the date of the grants using Black-Scholes model by an independent consultant. The related compensation cost, if any, is being accounted for by the Resulting Company.

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

a) Company's Stock Options

Employee Stock Option plan 2007

Grant No.	Vesting Commences on	Risk Free Interest Rate (%)	Expected Life (Years)	Expected Volatility of Share Price (%)	Dividend Yield (%)	Price of the underlying Share in the Market at the time of Option Grant (₹)	Fair Value of the Option (₹)
1	31-Oct-08	7.71	2.50	39.11	3.43	43.37	11.34
2	30-Jan-09	7.44	2.50	42.02	3.43	45.61	12.50
3							
Tr I	31-Oct-09	8.22 - 8.25	1.62 - 2.62	31.56 - 37.07	1.86	39.19	73.92 - 74.89
Tr II	31-Oct-09	8.22 - 8.25	1.62 - 2.62	31.56 - 37.07	1.86	39.19	73.92 - 74.89
4							
Tr I	31-Jul-09	0.00 - 8.24	0.00 - 2.99	0.00 - 39.82	1.86	30.67	80.83 - 81.68
Tr II	31-Jul-09	0.00 - 8.24	0.00 - 2.99	0.00 - 39.82	1.86	30.67	80.83 - 81.68
5	31-Oct-09	8.21 - 8.31	0.12 - 3.24	32.28 - 42.55	1.86	16.73	92.20 - 94.76
6	30-Jan-10	8.21 - 8.31	0.24 - 3.49	28.04 - 43.77	1.86	21.42	88.54 - 90.00
7							
Tr I	29-Jan-12	8.21 - 8.26	1.24 - 5.48	31.69 - 46.73	1.86	96.63	39.45 - 80.72
Tr II	29-Jan-12	8.21 - 8.26	1.24 - 5.48	31.69 - 46.73	1.86	96.63	39.45 - 80.72
Tr III	29-Jan-12	8.21 - 8.26	1.24 - 5.48	31.69 - 46.73	1.86	96.63	39.45 - 80.72
8	29-Jan-12	8.21 - 8.26	1.24 - 4.48	31.69 - 43.79	1.86	96.63	27.22 - 52.67
9	29-Jan-12	8.21 - 8.26	1.24 - 3.48	31.69 - 43.79	1.86	96.63	27.22 - 46.62
10	02-May-12	8.21 - 8.25	1.37 - 5.74	31.38 - 47.27	1.86	96.63	27.90 - 56.06
11	01-Aug-12	8.21 - 8.25	1.49 - 5.99	31.76 - 47.01	1.86	110.23	21.93 - 53.00
12							
Tr I	02-Nov-12	8.21 - 8.24	1.74 - 6.24	32.74 - 46.93	1.86	98.74	30.05 - 57.75
Tr II	02-Nov-12	8.21 - 8.24	1.74 - 6.24	32.74 - 46.93	1.86	98.74	30.05 - 57.75

Notes to Consolidated Ind AS Financial Statements

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

Employee Stock Option Plan 2016							
Grant No.	Vesting Commences on	Risk Free Interest Rate (%)	Expected Life (Years)	Expected Volatility of Share Price (%)	Dividend Yield (%)	Price of the underlying Share in the Market at the time of Option Grant (₹)	Fair Value of the Option (₹)
1							
Tr I	15-Mar-18	6.75	3.50	31.49	0.25	416.86	134.16
Tr II	15-Mar-18	6.75	3.50	31.49	0.25	416.86	134.16
b) Stock Options of Cholamandalam Investment and Finance Company Limited (CIFCL)							
ESOP 2007							
Date of Grant	Variables						
	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share in the Market at the time of the Option Grant (₹)	Fair Value of the Option (₹)	
30-Jul-07	7.10% - 7.56%	3-6 years	40.64% - 43.16%	5.65%	193.40	61.42	
24-Oct-07	7.87% - 7.98%	3-6 years	41.24% - 43.84%	5.65%	149.90	44.25	
25-Jan-08	6.14% - 7.10%	3-6 years	44.58% - 47.63%	5.65%	262.20	78.15	
25-Apr-08	7.79% - 8.00%	2.5-5.5 years	45.78% - 53.39%	3.97%	191.80	76.74	
30-Jul-08	9.14% - 9.27%	2.5-5.5 years	46.52% - 53.14%	3.97%	105.00	39.22	
24-Oct-08	7.54% - 7.68%	2.5-5.5 years	48.2% - 55.48%	3.97%	37.70	14.01	
27-Jan-11							
- Tranche I	8%	4 years	59.50%	10.00%	187.60	94.82	
- Tranche II	8%	3.4 years	61.63%	10.00%	187.60	90.62	
30-Apr-11	8%	4 years	59.40%	25.00%	162.55	73.07	
28-Jul-11	8%	4 years	58.64%	25.00%	175.35	79.17	
27-Oct-11	8%	4 years	57.52%	25.00%	154.55	67.26	
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							Fair Value of the Option (₹)
	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 (₹)		
	25-Jan-17	6.36% - 6.67%	3.5 - 6.51 years	33.39% - 34.47%	0.54%	1,010.00	401.29	
	30-Jan-18	7.11% - 7.45%	3.5 - 5.50 years	30.16% - 31.46%	0.42%	1,309.70	496.82	
	30-Jan-18	7.11% - 7.45%	3.5 - 5.50 years	30.16% - 31.46%	0.42%	1,309.70	531.84	
	23-Apr-18	7.45% - 7.81%	3.51 - 6.51 years	30.33% - 32.38%	0.42%	1,562.35	646.08	
	26-Jul-18	7.71% - 7.92%	3.51 - 5.51 years	30.56% - 31.83%	0.43%	1,497.30	586.32	
	30-Oct-18	7.61% - 7.85%	3.51 - 6.51 years	32.34% - 32.70%	0.51%	1,268.50	531.36	
	19-Mar-19	6.91% - 7.25%	3.51 - 6.51 years	32.19% - 32.59%	0.47%	1,390.05	564.13	
	30-Jul-19	6.15% - 6.27%	3.51 - 4.51 years	32.21% - 32.93%	0.52%	248.20	83.66*	
	05-Nov-19	6.15% - 6.27%	3.51 - 4.51 years	32.21% - 32.93%	0.52%	316.00	112.09*	
	23-Jan-20	6.15% - 6.27%	3.51 - 4.51 years	32.21% - 32.93%	0.52%	317.00	109.51*	
	03-Jun-20	5%	3.50 years	47.50%	1.33%	157.90	58.27*	
	07-May-21	5.12% - 6.02%	3.50 - 6.50 years	52.06% - 43.62%	0.34%	580.30	276.84	
	30-Jul-21	5.25% - 6.20%	3.50 - 6.51 years	52.06% - 43.65%	0.41%	487.15	232.48	
	29-Oct-21	5.22% - 6.17%	3.50 - 6.51 years	53.20% - 43.93%	0.33%	609.00	293.95	
	01-Feb-22	5.49% - 6.50%	3.50 - 6.51 years	53.81% - 44.42%	0.32%	629.50	309.23	

* 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, 2021	Cash flows	Exchange Difference	Other	March 31, 2022
Debt Securities	12,487.26	1,017.14	-	(93.60)	13,410.80
Borrowings other than debt securities	47,182.26	4,606.62	118.88	96.76	52,004.52
Subordinated liabilities	4,127.63	(327.70)	-	13.33	3,813.26
Total	63,797.15	5,296.06	118.88	16.49	69,228.58

Particulars	April 1, 2020	Cash flows	Exchange Difference	Other	March 31, 2021
Debt Securities	7,135.18	4,964.02	-	388.06	12,487.26
Borrowings other than debt securities	43,473.71	4,046.59	(132.68)	(205.36)	47,182.26
Subordinated liabilities	4,508.58	(201.50)	-	(179.45)	4,127.63
Total	55,117.47	8,809.11	(132.68)	3.25	63,797.15

(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, 2022			
Financial Assets			
Cash and Cash Equivalents	2,801.42	2,801.42	-
Bank balances Other than Cash and Cash Equivalents	2,646.58	1,444.54	1,202.04
Derivative financial instruments	186.53	75.54	110.99
Receivables			
i) Trade Receivables	71.31	71.31	-
ii) Other Receivables	84.04	84.04	-
iii) Insurance Contract Assets	291.21	85.62	205.59
iv) Re-insurance Assets	874.16	78.69	795.47
Loans	74,144.71	21,123.08	53,021.63
Investment in Associate & Joint Venture	494.04	-	494.04
Other Investments	12,788.05	512.50	12,275.55
Other Financial Assets	528.83	98.93	429.90
Total Financial Assets	94,910.88	26,375.67	68,535.21
Non- Financial Assets			
Current tax assets (Net)	452.71	-	452.71
Deferred tax assets (Net)	869.27	-	869.27
Goodwill on Consolidation	42.72	-	42.72
Investment Property	28.96	-	28.96
Intangible assets under development	14.32	0.37	13.95
Property, Plant and Equipment	356.72	-	356.72

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
Capital Work in Progress	26.13	-	26.13
Other Intangible assets	36.08	-	36.08
Re-insurance Assets	829.38	74.64	754.74
Other Non-Financial Assets	205.10	14.44	190.66
Total Non- Financial Assets	2,861.39	89.45	2,771.94
Financial Liabilities			
Derivative financial instruments	169.56	21.65	147.91
Payables			
i) Trade Payables	298.75	298.75	-
ii) Other Payables	744.99	744.99	-
iii) Other Insurers	452.51	452.51	-
Debt Securities	13,410.80	6,031.96	7,378.84
Borrowings(Other than Debt Securities)	52,004.52	18,516.20	33,488.32
Subordinated Liabilities	3,813.26	609.08	3,204.18
Insurance Contract Liabilities	7,930.67	709.09	7,221.58
Other Financial Liabilities	536.13	373.04	163.09
Total Financial Liabilities	79,361.19	27,757.27	51,603.92
Non-Financial Liabilities			
Current tax Liabilities	1.08	-	1.08
Deferred Tax Liabilities	0.74	-	0.74
Provisions	139.47	0.02	139.45
Insurance Contract Liabilities	4,581.13	416.97	4,164.16
Other Non-Financial Liabilities	59.89	46.51	13.38
Total Non-Financial Liabilities	4,782.31	463.50	4,318.81
As on March 31, 2021			
Financial Assets			
Cash and Cash Equivalents	1,602.48	1,602.48	-
Bank balances Other than Cash and Cash Equivalents	4,601.40	4,322.50	278.90
Derivative financial instruments	45.87	45.87	-
Receivables			
i) Trade Receivables	56.60	56.60	-
ii) Other Receivables	38.72	38.72	-
iii) Insurance Contract Assets	279.72	114.45	165.27
iv) Re-insurance Assets	780.28	51.74	728.54
Loans	65,839.34	19,718.63	46,120.71
Investment in Associate & Joint Venture	37.15	-	37.15
Other Investments	11,640.87	2,167.99	9,472.88
Other Financial Assets	702.97	394.30	308.67
Total Financial Assets	85,625.40	28,513.28	57,112.12

Notes to Consolidated Ind AS Financial Statements

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

Particulars	Amount	Maturity	
		Within 12 months	After 12 months
Non - Financial Assets			
Current tax assets (Net)	320.40	-	320.40
Deferred tax assets (Net)	973.35	-	973.35
Goodwill on Consolidation	42.72	-	42.72
Investment Property	28.96	-	28.96
Intangible assets under development	9.91	-	9.91
Property, Plant and Equipment	336.07	-	336.07
Other Intangible assets	39.01	-	39.01
Re-insurance Assets	719.27	376.70	342.57
Other Non-Financial Assets	520.47	246.04	274.43
Total Non - Financial Assets	2,990.16	622.74	2,367.42
Financial Liabilities			
Derivative financial instruments	127.42	-	127.42
Payables			
i) Trade Payables	285.70	285.70	-
ii) Other Payables	542.11	542.11	-
iii) Other Insurers	404.93	404.93	-
Debt Securities	12,487.26	6,097.91	6,389.35
Borrowings(Other than Debt Securities)	47,182.26	16,918.07	30,264.19
Subordinated Liabilities	4,127.63	1,019.59	3,108.04
Insurance Contract Liabilities	7,273.36	2,069.21	5,204.15
Other Financial Liabilities	511.26	363.51	147.75
Total Financial Liabilities	72,941.93	27,701.03	45,240.90
Non-Financial Liabilities			
Provisions	127.56	127.56	-
Insurance Contract Liabilities	4,091.61	1,936.61	2,155.00
Other Non-Financial Liabilities	47.65	34.91	12.74
Total Non-Financial Liabilities	4,266.82	2,099.08	2,167.74

Note - 46 Non-Controlling Interest

Financial information of Subsidiaries having Non-Controlling Interest is given below.

As at March 31, 2022

Name of the Subsidiary	Country of Incorporation	As on March 31, 2022	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	54.59%	1,175.50	74.38	1,249.88
Cholamandalam MS General Insurance Company Limited (MSGICL)	India	40.00%	40.79	(20.08)	20.71

Notes to Consolidated Ind AS Financial Statements

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

As at March 31, 2021

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	54.53%	829.30	(15.95)	813.35
Cholamandalam MS General Insurance Company Limited (MSGICL)	India	40.00%	110.28	(14.24)	96.04

The summarised financial information of the Subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

As at March 31, 2022

Summarised Statement of Profit and Loss

Particulars	CIFCL	MSGICL
Income	10,231.81	4,566.36
Expenses	7,324.21	4,427.00
Profit Before Tax	2,907.60	139.36
Tax Expense	748.71	37.39
Share of Loss from associate	(5.38)	-
Profit for the year	2,153.51	101.97
- Attributable to the owners of the Company	978.01	61.18
- Attributable to the non-controlling interest	1,175.50	40.79
Other Comprehensive Income		
- Attributable to the owners of the Company	62.47	(30.13)
- Attributable to the non-controlling interest	74.38	(20.08)
Total Comprehensive Income		
- Attributable to the owners of the Company	1,040.48	31.05
- Attributable to the non-controlling interest	1,249.88	20.71

Summarised Balance Sheet

Particulars	CIFCL	MSGICL
Financial Assets	81,184.30	13,850.69
Non Financial Assets	1,294.38	1,530.09
Financial Liabilities	70,530.17	8,882.60
Non Financial Liabilities	179.51	4,600.91
Total Equity		
- Attributable to the owners of the Company	5,344.83	1,138.36
- Attributable to the non-controlling interest	6,424.17	758.91

Summarised Cash Flow Statement

Particulars	CIFCL	MSGICL
Net cash inflow / (out flow) in operating activities	(10,373.90)	677.86
Net cash outflow from investing activities	(40.33)	(21.74)
Net cash inflow / (out flow) in financing activities	8,515.87	(746.88)
Net Increase / (Decrease) in Cash and Cash equivalents	(1,898.36)	(90.76)

Notes to Consolidated Ind AS Financial Statements

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

As at March 31, 2021		
Summarised Statement of Profit and Loss		
Particulars	CIFCL	CMSGICL
Income	9,639.72	4,370.46
Expenses	7,591.82	4,003.64
Profit Before Tax	2,047.90	366.82
Tax Expense	526.51	91.11
Share of Loss from associate	(0.53)	-
Profit for the year	1,520.86	275.71
- Attributable to the owners of the Company	691.56	165.43
- Attributable to the non-controlling interest	829.30	110.28
Other Comprehensive Income		
- Attributable to the owners of the Company	(13.30)	(21.37)
- Attributable to the non-controlling interest	(15.95)	(14.24)
Total Comprehensive Income		
- Attributable to the owners of the Company	678.26	144.06
- Attributable to the non-controlling interest	813.35	96.04
Summarised Balance Sheet		
Financial Assets	73,415.22	12,360.31
Non Financial Assets	1,228.94	1,724.90
Financial Liabilities	64,844.70	8,104.12
Non Financial Liabilities	199.66	4,135.56
Total Equity		
- Attributable to the owners of the Company	4,365.21	1,107.32
- Attributable to the non-controlling interest	5,234.59	738.21
Summarised Cash Flow Statement		
Particulars	CIFCL	CMSGICL
Net cash inflow / (out flow) in operating activities	(10,373.90)	677.86
Net cash outflow from investing activities	(40.33)	(21.74)
Net cash inflow / (out flow) in financing activities	8,515.87	(746.88)
Net Increase / (Decrease) in Cash and Cash equivalents	(1,898.36)	(90.76)

Note - 47A (i) Investment in associates

The Group had recognised the value of investment in associate - White Data Systems India Private Limited (WDSI) at fair value on the date of loss of control and the same is carried at cost as at reporting date.

Particulars	March 31, 2022	March 31, 2021
Value of Investment in Associate	25.54	25.54
Less: Cumulative Share of Loss of from Associate	(1.52)	(1.30)
Closing value of Investment	24.02	24.24

The Group has a 30.87% interest in White Data Systems India Private Limited, which is in the business of providing freight data solutions encompassing technology, certification and finance offering in India. The WDSI has dedicated logistics platform "i-loads", seamlessly connects load providers, logistics agents, brokers and transporters through its disruptive technology. It is accounted for using the equity method in the consolidated Ind AS financial statements. The following table illustrates the summarised financial information of the Group's investment in White Data Systems India Private Limited:

Notes to Consolidated Ind AS Financial Statements

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

Particulars	March 31, 2022	March 31, 2021
Current assets	19.54	24.83
Non-current assets	24.22	17.13
Current liabilities	(9.21)	(7.00)
Non-current liabilities	(0.60)	(0.47)
Equity	33.95	34.49
Proportion of the Group's ownership	30.87%	30.87%
Group's share in the Equity of the associate	10.48	10.65

Particulars	March 31, 2022	March 31, 2021
Revenue from contracts with customers	4.61	4.11
Other Income	2.00	1.66
Depreciation & amortization	(1.90)	(1.04)
Finance cost	(0.23)	(0.29)
Employee benefit	(1.42)	(1.88)
Other expense	(2.78)	(4.75)
Profit before tax	0.28	(2.19)
Income tax expense	0.08	(0.11)
Profit for the year (continuing operations)	0.36	(2.30)
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	(0.05)	-
Total comprehensive income for the year (continuing operations)	0.31	(2.30)
Group's share of loss for the year	0.11	(0.71)
Adjustment relating to prior periods	(0.33)	0.18
Group's share of loss considered in the consolidated statement of profit and loss	(0.22)	(0.53)

a) The associate has no contingent liabilities or capital commitments as at March 31, 2022 and March 31, 2021.

Note - 47A (ii)

Vishwakarma Payments Private Limited (VPPL) is a consortium of 7 entities formed for the purpose of applying to the Reserve Bank of India (RBI) for an NUE (New Umbrella Entity) license within the framework of RBI circular. The licensed NUE is to focus on retail payment systems by developing interoperable infrastructure which will cater to banks and non-banks and enable innovative use-cases to solve the diversity, depth and width of consumers and small businesses in India. VPPL is incorporated with an equity capital of ₹0.01 crs and its networth as on March 31, 2022 is ₹0.01 crs. It can commence operations only on receipt of license from RBI. The Group holds 21% stake in VPPL.

Note - 47A (iii)

The Group had recognised the value of investment in associate - Paytail Commerce Private Limited (Paytail) at amortised cost. The Group has acquired 16.29% of the Equity Share Capital of Paytail Commerce Private Limited in September 2021. By Virtue of the voting and other rights as per the share purchase agreement, Paytail Commerce Private Limited has been assessed as an associate of the Group.

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Particulars	As at March 31, 2022
Value of Investment in Associate	9.75
Less: Cumulative Share of Loss of from Associate	(0.74)
Closing value of Investment	9.01

Particulars	31-Mar-22
Current Assets	3.30
Non-Current Assets	4.70
Current Liabilities	-
Non-Current Liabilities	(0.07)
Equity	7.93
Proportion of the Group's ownership	16.29%
Group's share in the Equity of the Associate	1.29

Particulars	Year ended March 31, 2022
Operating Income	2.56
Expenses	7.67
Profit/(Loss) before tax	(5.11)
Income tax expense	-
Profit/(Loss) for the year (continuing operations)	(5.11)
Total comprehensive income for the year (continuing operations)	(5.11)
Group's share of loss for the year	(0.74)
Adjustment relating to prior periods	-
Group's share of loss considered in the consolidated statement of Profit and Loss for the year ended March 31, 2022	(0.74)

Note - 47B (i) - Investment in Joint Venture

As at March 31, 2022, the Group has 49.50% interest in Cholamandalam MS Risk Services Limited ("CMSRSL") and this entity has been treated as Joint Venture in the consolidated Ind AS financial statements.

The following table illustrates the summarised financial information of the Group's investment in CMSRSL:

Particulars	March 31, 2022	March 31, 2021
Current assets	35.72	27.05
Non-current assets	15.70	17.92
Current liabilities	(14.10)	(9.86)
Non-current liabilities	(6.21)	(9.03)
Equity	31.11	26.08
Proportion of the Group's ownership	49.50%	49.50%
Group's share in the Equity of the Joint Venture	15.40	12.91

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from Operations	56.88	40.02
Other Income	2.81	3.57
Employee benefit	(29.90)	(25.14)
Other expense	(22.64)	(15.81)
Profit before tax	7.15	2.64
Income tax expense	(1.83)	(0.69)
Profit for the year (continuing operations)	5.32	1.95
Total comprehensive income for the year (continuing operations)	5.32	1.95
Group's share of profit	2.63	0.97
Less: Dividend	(0.12)	(0.12)
Group's share of profit (considered in consolidated statement of Profit and loss)	2.51	0.85

The Group has the following share of contingent liabilities and capital commitments in the Joint venture as at March 31, 2022.

Particulars	March 31, 2022	March 31, 2021
Contested Liabilities Not provided for in respect of Income Tax matters pending before Appellate Authorities	2.00	2.00
Capital commitments	-	-

Note - 47B (ii) - Investment in Joint Venture

The Group has acquired equity shares of Payswiff Technologies Private Limited (Payswiff), from its founders and other existing shareholders towards strategic investment in equity shares of Payswiff upto 73.84% of the equity capital of Payswiff. Payswiff is engaged in the business of enabling online payment gateway services for e-commerce businesses and provides e-commerce solutions. Payswiff is an omni channel payment deliveries, online and on-the-go using mPOS and POS solution.

Particulars	March 31, 2022
Value of Investment in Joint Venture	450.01
Less: Cumulative Share of Loss of from Joint Venture	(4.42)
Closing value of Investment	445.59

Even though, the Group holds 73.82% of the paid up equity capital of Payswiff, however, in view of founder reserved matters and dispute resolution mechanism envisaged in the shareholder agreement executed between the Group and founders of Payswiff, the Group is considered to have joint control over the entity as per Ind AS 28 read with Ind AS 110. Hence, it is classified as investment in Joint Venture.

Particulars	March 31, 2022
Current assets	40.25
Non-current assets	50.33
Current liabilities	(52.39)
Non-current liabilities	(1.52)
Equity	36.67
Proportion of the Group's ownership	73.82%
Group's share in the Equity of the Joint Venture	27.07

Notes to Consolidated Ind AS Financial Statements

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

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.

Note - 48.1 Financial Risk Management

The key financial risks faced by the Group are credit and market risks comprising liquidity risk, interest rate risk and foreign currency risks.

Note - 48.2 Credit Risk

Lending

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

The Group has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The Group has a robust post sanction monitoring process to identify credit portfolio trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises. Also, being in asset financing business, most of the Group's lending is covered by adequate collaterals from the borrowers. The Group developed application scoring model to assess the credit worthiness of the borrower for underwriting decisions for its Vehicle Finance, Loan Against Property and Home Loan business.

The Group also has a well-developed business planning model for the Vehicle Finance portfolio, to help business teams plan volume with adequate pricing of risk for different segments of the portfolio.

Insurance - Investments

Insurance Business is subject to credit risk in connection with issuers of securities held in its investment portfolio and reinsurers. Losses may occur when a counterparty fails to make timely payments pursuant to the terms of the underlying contractual arrangement or when the counterparty's credit rating or risk profile otherwise deteriorates. Credit risk can occur at multiple levels, as a result of broad economic conditions, challenges within specific sectors of the economy, or from issues affecting individual companies. Events that result in defaults, impairments or downgrades of the securities in our investment portfolio would cause the Company to record realized or unrealized losses and increase provisions for asset default, adversely impacting earnings.

Governance structure, in the form of Investment Committee and well defined investment policies and processes are in place to ensure that the risks involved in investments are identified and acceptable levels are defined. All Regulatory and Internal norms are built in the Investment system which monitors the investment limits and exposure norms on a daily basis.

The policyholders' funds are invested in accordance with regulatory norms. Investment policy and most of the investment is made in the government securities having sovereign rating and debt securities issued by reputed

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corporate having appropriate rating as per Investment Committee.

Note - 48.3 Risk Management and Portfolio Review

The Group has a robust portfolio review mechanism. Key metrics like early delinquency, default rates are tracked, monitored and reviewed daily. Business teams review key trends in these Key Risk Indicators and location level strategies are adopted.

Note - 48.3.1 ECL Methodology

Lending

The Group records allowance for expected credit losses for all financial assets including loan commitments, other than those measured at FVTPL. Equity instruments carried at cost are not subject to impairment under the ECL methodology.

Note - 48.3.2 Assumptions and Estimation techniques

Lending

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. ECL is computed on collective basis. The portfolio is segmented based on shared risk characteristics for the computation of ECL.

The key elements of the ECL are summarised below:

Note - 48.3.2.1 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. While computing probability of default, significant outlier events are suitably handled to ensure it does not skew the outcomes.

A 12M marginal PD is computed by creating cohorts of accounts starting in Stage 1 at the beginning of the year and subsequently moving to Stage 3 at any point in time during the year.

A conditional average probability of default is computed by taking cohort of which were in Stage 2 at the beginning the year and subsequently moved to Stage 3 anytime in each subsequent year

Note - 48.3.2.2 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.

Note - 48.3.2.3 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. The recoveries are discounted back to the default date using customer IRR. This present value of recovery is used for LGD computation. A recovery rate (RR) computed as the ratio of present value of recovery to the EAD $(1 - RR)$, gives the LGD.

Note - 48.3.2.4 Mechanics of the ECL method

Stage 1:

All loans (other than purchased credit impaired asset) are categorised as Stage 1 on initial recognition. The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial

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instrument that are possible within the 12 months after the reporting date. The Group calculates the 12monthsECL 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 EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

Loans which are past due for more than 30 days are categorised as 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:

Loans which are past due for more than 90 days are categorised as 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%

Restructured loans are categorised as Stage 3 on the date of restructuring and remain so for a period of one year. Post this, regular staging criteria applies.

Loans which have been renegotiated or modified in accordance with RBI Notifications for COVID-19 related stress has been classified as Stage 2 due to significant increase in credit risk.

The Post Implementation Staging of Loans restructured under Covid Resolution framework shall follow the Days Past Due of respective loan agreements.

In respect of new lending products introduced during the year, the Group follows simplified matrix approach for determining impairment allowance based on industry practise in the absence of historical information. These loans constitutes less than 1% of the total loan book.

Loan Movement across stages during the year is given in a note 11.1

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 provisions.

Other Financial assets:

The Group follows 'simplified approach' for recognition of impairment loss allowance on other financial assets. The application of simplified approach does not require the Group to track changes in credit risk and calculated on case by case approach, taking into consideration different recovery scenarios.

Based on Management's assessment of ECL on trade receivables/ other financial assets, the provisions are not material to financial statements (Nil as at March 31, 2021).

Note - 48.3.2.5 Incorporation of forward looking statements in ECL model

The Group considers a broad range of forward looking information with reference to external forecasts of economic parameters such as GDP growth, Inflation, Government Expenditure etc., as considered relevant so as to determine the impact of macro-economic factors on the Group's ECL estimates.

The inputs and models used for calculating ECLs are recalibrated periodically through the use of available incremental and recent information. Further, internal estimates of PD, LGD rates used in the ECL model may not always capture all the characteristics of the market / external environment as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

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Annual data from 2010 to 2026 (including forecasts for 5 years) were obtained from World Economic Outlook, October 2021 published by International Monetary Fund (IMF). IMF provides historical and forecasted data for important economic indicators country-wise. The data provided for India is used for the analysis. Macro variables that were compared against default rates at segment level to determine the key variables having correlation with the default rates using appropriate statistical techniques. Vasicek model has been incorporated to find the Point in Time (PIT) PD. The Group has formulated the methodology for creation of macro-economic scenarios under the premise of economic baseline, upside and downside condition. A final PIT PD is arrived as the scenario weighted PIT PD under different macroeconomic scenarios.

Note - 48.3.2.6 Macro economic variables

Segment	Macro-Economic Variables correlated for each segment	
Heavy Commercial Vehicle	Gross domestic product, current prices USD	Inflation, end of period consumer prices
Light Commercial Vehicle	Gross domestic product, current prices USD	Inflation, end of period consumer prices
Car & MUV	Gross domestic product, current prices USD	Inflation, end of period consumer prices
Mini Light Commercial Vehicle	Gross domestic product per capita, constant prices USD	Inflation, end of period consumer prices
Used Vehicles	General government total expenditure	Gross domestic product per capita, constant prices USD
Shubh	General government total expenditure	Gross domestic product per capita, constant prices USD
Tractor	Inflation, average consumer prices	General government total expenditure
Construction Equipment	Gross domestic product per capita, constant prices USD	Gross domestic product, current prices USD
Loan Against Property	Gross domestic product, current prices USD	Inflation, end of period consumer prices
Home Loan	Inflation, average consumer prices	General government total expenditure

Since the company has used Gross Domestic Product (GDP) as a predominant macro economic variable the sensitivity around the same is given below

Year ended	Increase/(Decrease) of GDP	Impact on Expected Credit Losses (ECL)-Increase/(Decrease)
March 31, 2022	Decrease by 5%	5.18
March 31, 2022	Increase by 5%	(5.35)

Note - 48.3.2.7 Concentration of credit risk and Collateral and Credit Enhancements

Note - 48.3.2.7.1 Concentration of credit risk

Concentration of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in same geographical area or industry sector so that collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. The Group is in retail lending business on pan India basis targeting primarily customers who either do not get credit or sufficient credit from the traditional banking sector. Vehicle Finance (consisting of new and used Commercial Vehicles, Passenger Vehicles, Tractors, Construction Equipment and Trade advance to Automobile dealers) is lending against security (other than for trade advance) of Vehicle/ Tractor / Equipment and contributes to 69% of the loan book of the Group as of March 31, 2022 (72% as of March 31, 2021). Hypothecation endorsement is made in favour of the Group in the Registration Certificate in respect of all registerable collateral. Portfolio is reasonably well diversified across South, North, East and Western parts of the country. Similarly, sub segments within Vehicle Finance like Heavy Commercial Vehicles, Light Commercial Vehicles, Car and Multi Utility Vehicles, three wheeler and Small Commercial Vehicles, Refinance against existing vehicles, older vehicles (first time buyers), Tractors and Construction Equipment have portfolio share between 10% and 6% leading to well diversified sub product mix.

Loan Against Property is mortgage loan against security of existing immovable property (primarily self-occupied residential property) to self-employed non-professional category of borrowers and contributes to 22% of the lending

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book of the Group as of March 31, 2022 (22% as of March 31, 2021). Portfolio is concentrated in North 35% with small presence in East 5%. South has 35% and West contributes 25% of the overall exposure of the Group.

The Concentration of risk is managed by Group for each product by its region and its sub-segments. Group did not overly depend on few regions or sub-segments as of March 31, 2022.

Note - 48.3.2.7.2 Collateral and Credit enhancements

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

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

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

Immovable Property is the collateral for Loan Against Property. Security Interest in favour of the Group is created by Mortgage through deposit of title deed which is registered wherever required by law.

In respect of Other loans, Home loans follow the same process as Loan Against Property and pledge is created in favour for the Group for loan against securities.

99% of the Group's term loan are secured by way of tangible Collateral.

In respect of some unsecured lending, the Group obtains First Loss Default Guarantee or similar arrangement from external service providers as partial cover against potential credit default.

Fair value of collateral held against credit impaired assets - March 31, 2022

Maximum exposure to credit risk (a)	Vehicles (b)	Loan against property (c)	Other loans (d)	Net exposure (e)=(a-b-c-d)	Associated ECL
3,305.32	2,330.24	2,409.87	238.23	(1,673.02)	1,266.50

Fair value of collateral held against credit impaired assets - March 31, 2021

Maximum exposure to credit risk (a)	Vehicles (b)	Loan against property (c)	Other loans (d)	Net exposure (e)=(a-b-c-d)	Associated ECL
2,640.53	1,900.25	2,159.29	202.85	(1,621.86)	1,140.30

Note: Column (b), (c), (d) of the above table, represents fair value of collateral

Valuation of Collateral:

- Vehicles including construction equipment and tractors are valued at original cost less 20% depreciation per year on WDV
- Immovable property is valued based on the amount as per the valuation report at the time of sanctioning of loan
- Other loans – Book debts at Cost or Securities at market value

Note - 48.3.3 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.

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Lending

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. The Group's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The Group is exposed to interest rate risk and liquidity risk, if the same is not managed properly. 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. In addition, the Group has put in an Asset Liability Management (ALM) support group which meets frequently to review the liquidity position of the Group.

Insurance

The Group is exposed to financial and capital market risks – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes or volatility in market prices. Market risk includes equity market and interest rate risks.

The Group has investment policy in place which deals with guidelines set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities.

Note - 48.3.3.1 Liquidity Risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of availing funding in line with the tenor and repayment pattern of its receivables and monitors future cash flows and liquidity on a daily basis. The Group has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required. The Group also has lines of credit that it can access to meet liquidity needs. These are reviewed by the Asset Liability Committee (ALCO) on a monthly basis. The ALCO provides strategic direction and guidance on liquidity risk management. A sub-committee of the ALCO, comprising members from the Treasury and Risk functions, monitor liquidity risks on a weekly basis and decisions are taken on the funding plan and levels of investible surplus, from the ALM perspective. This sets the boundaries for daily cash flow management.

Analysis of Financial assets and Financial liabilities by remaining contractual maturities given in note - 49A.

Note - 48.3.3.2 Interest Rate Risk

The Group being in the business of lending raises money from diversified sources like market borrowings, term Loan from banks and financial institutions, foreign currency borrowings etc. Financial assets and liabilities constitute significant portion, changes in market interest rates can adversely affect the financial condition. The fluctuations in interest rates can be due to internal and external factors. Internal factors include the composition of assets and liabilities across maturities, existing rates and re-pricing of various sources of borrowings. External factors include macro-economic developments, competitive pressures, regulatory developments and global factors. The movement in interest rates (upward / downward) will impact the Net Interest Income depending upon rate sensitivity of the asset or liability. The Group uses traditional gap analysis report to determine the vulnerability to movements in interest rates. The Gap is the difference between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) for each time bucket. A positive gap indicates that the Group can benefit from rising interest rates while a negative gap indicates that the Group can benefit from declining interest rates. Based on market conditions, the Group enters into interest rate swap to mitigate interest rate risk.

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Note - 48.3.3.3 Foreign Currency Risk

Foreign currency risk for the Group arise majorly on account of foreign currency borrowings. The Group manages this foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Group 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.

Note - 48.3.3.4 Hedging Policy

The Group's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment and hence the hedge ratio is 1:1.

Note - 48.4 Disclosure of Effects of Hedge Accounting

Cash flow Hedge

As at March 31, 2022

Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (₹ in crores)		Maturity Date	Changes in Fair value of Hedging Instrument (₹ in crores)	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness (₹ in crores)	Line item in Balance sheet
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	6	0	108.09	-	June 27, 2022 to June 20, 2028	90.89	164.19	Borrowings
Overnight Index swaps	0	2	-	2.82	October 23, 2022 to March 20, 2024	(2.82)	-	Borrowings
Forward contracts	1	3	78.44	166.74	June 27, 2022 to June 20, 2028	10.45	14.53	Borrowings
Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income (₹ in crores)		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	161.97		-		-		NA	

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As at March 31, 2021

Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (₹ in crores)		Maturity Date	Changes in Fair value of Hedging Instrument (₹ in crores)	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness (₹ in crores)	Line item in Balance sheet
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	6	1	26.34	9.14	March 18, 2022 to June 03, 2024	78.72	(110.25)	Borrowings
Forward contracts	0	26	19.53	118.28	March 21, 2022 to June 03, 2024	98.75	50.41	Borrowings
Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income (₹ in crores)		Hedge Effectiveness recognised in profit and loss		Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss		Line item affected in Statement of Profit and Loss because of the Reclassification	
Foreign exchange risk and Interest rate risk	(45.21)		-		-		NA	

Note - 48.5 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.

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Sensitivity Analysis of claims outstanding Liabilities *

As at March 2022

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%	13.54	15.89	(13.54)	(10.13)
Increase in Insurance Claims Liability Estimate by 5%	27.08	31.78	(27.08)	(20.26)
Decrease in Insurance Claims Liability Estimate by 2.5%	(13.54)	(15.89)	13.54	10.13
Decrease in Insurance Claims Liability Estimate by 5%	(27.08)	(31.78)	27.08	20.26

As at March 2021

Scenario	Increase/ (Decrease) in Net Liabilities	Increase/ (Decrease) in Gross Liabilities	Increase/ (Decrease) in Profit before taxes	Increase/ (Decrease) in Equity
Increase in Insurance Claims Liability Estimate by 2.5%	109.77	116.48	(109.77)	(82.14)
Increase in Insurance Claims Liability Estimate by 5%	219.54	232.96	(219.54)	(164.29)
Decrease in Insurance Claims Liability Estimate by 2.5%	(109.77)	(116.48)	109.77	82.14
Decrease in Insurance Claims Liability Estimate by 5%	(219.54)	(232.96)	219.54	164.29

Insurance Liability (Claims) Development pattern *

As at March 2022

Ultimate Net Loss Cost - Re-estimated	YE 31- Mar-15	YE 31- Mar-16	YE 31- Mar-17	YE 31- Mar-18	YE 31- Mar-19	YE 31- Mar-20	YE 31- Mar-21	YE 31- Mar-22
End of Accident Year	1,016.41	1,190.33	1,552.59	1,906.10	2,104.34	2,451.93	2,305.88	2,835.90
One Year Later	978.76	1,193.30	1,529.45	1,890.66	2,117.02	2,444.61	2,231.37	-
Two Year Later	993.57	1,215.88	1,598.50	1,891.36	2,112.21	2,383.66	-	-
Three Year Later	1,023.83	1,250.45	1,630.91	1,884.11	1,997.07	-	-	-
Four Year Later	1,080.25	1,279.58	1,625.49	1,799.50	-	-	-	-
Five Year Later	1,096.81	1,293.25	1,562.08	-	-	-	-	-
Six Year Later	1,102.24	1,282.78	-	-	-	-	-	-
Seven Year Later	1,097.19	-	-	-	-	-	-	-

As at March 2021

Ultimate Net Loss Cost - Re-estimated	YE 31- Mar-14	YE 31- Mar-15	YE 31- Mar-16	YE 31- Mar-17	YE 31- Mar-18	YE 31- Mar-19	YE 31- Mar-20	YE 31- Mar-21
End of Accident Year	931.59	1,016.41	1,190.33	1,552.59	1,906.10	2,104.34	2,451.93	2,305.88
One Year Later	941.44	978.76	1,193.30	1,529.45	1,890.66	2,117.02	2,444.61	-
Two Year Later	1,001.35	993.57	1,215.88	1,598.50	1,891.36	2,112.21	-	-
Three Year Later	988.15	1,023.83	1,250.45	1,630.91	1,884.11	-	-	-
Four Year Later	1,026.21	1,080.25	1,279.59	1,625.49	-	-	-	-
Five Year Later	1,076.15	1,096.81	1,293.25	-	-	-	-	-
Six Year Later	1,089.41	1,102.24	-	-	-	-	-	-
Seven Year Later	1,090.16	-	-	-	-	-	-	-

* The sensitivity analysis of claims outstanding liability and Insurance Liability (claim) development table are presented net off Re-insurance.

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Note - 49 Goodwill

The Goodwill of ₹39.08 crores recognised with respect to CIFCL represents the significant portion of the total Goodwill carried by the Group. The quoted market value of shares of CIFCL as on March 31, 2022 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 - 49A Analysis of Financial Assets and Financial Liabilities by remaining contractual maturities

The table below summarises the expected utilisation or settlement of assets and liabilities

As at March 31, 2022

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	2,781.39	-	-	-	-	-	-	2,781.39
Bank balances other than Cash and Cash Equivalents	1,195.96	8.77	18.07	77.41	1,235.11	111.88	69.13	2,716.33
Derivative financial instruments	-	75.12	0.42	-	32.97	-	78.02	186.53
Receivables								
i) Trade Receivables	71.31	-	-	-	-	-	-	71.31
ii) Other Receivables	89.94	-	-	-	-	-	-	89.94
iii) Insurance contract assets	13.75	25.93	29.49	26.54	19.49	34.81	316.07	466.08
iv) Reinsurance assets	17.04	17.04	51.11	68.14	323.67	374.77	851.77	1,703.54
Loans	5,054.83	6,057.92	7,518.04	14,112.69	38,933.82	15,271.71	22,978.27	1,09,927.28
Investment in Associate & Joint Venture	-	-	-	-	-	-	478.62	478.62
Other Investments *	144.42	84.52	134.53	226.82	1,739.18	3,396.70	7,115.30	12,841.47
Other Financial Assets *	27.41	23.06	28.53	50.18	127.26	83.63	75.22	415.29
Total Undiscounted financial assets	9,396.05	6,292.36	7,780.19	14,561.78	42,411.50	19,273.50	31,962.40	1,31,677.78
Financial Liabilities								
Derivative financial instruments	-	4.81	5.93	10.93	55.41	58.62	33.87	169.57
Payables								
(I) Trade Payables								
i) Total outstanding dues of micro & small enterprises	3.06	0.18	-	-	-	-	-	3.24
ii) Total outstanding dues of creditors other than micro and small enterprises	130.43	3.68	84.47	82.83	-	-	-	301.41
(II) Other Payables								
i) Total outstanding dues of micro & small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	714.97	-	-	-	0.03	-	-	715.00

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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
(III) Other Insurers								
i) Total outstanding dues of micro & small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	-	6.24	446.27	-	-	-	-	452.51
Debt Securities	833.27	1,356.20	1,485.33	2,791.56	6,905.02	1,188.28	-	14,559.66
Borrowings (Other than Debt Securities)	1,629.33	4,289.98	6,073.71	8,856.78	26,256.80	9,793.35	704.01	57,603.96
Subordinated Liabilities	2.74	170.92	240.79	446.04	1,333.59	675.62	14,273.98	17,143.68
Insurance Contract Liabilities	111.22	111.22	333.65	444.88	2,113.16	2,446.82	5,560.95	11,121.90
Other Financial Liabilities	369.19	9.69	13.81	46.01	82.48	14.56	5.40	541.14
Total Undiscounted financial liabilities	3,794.21	5,952.92	8,683.96	12,679.03	36,746.49	14,177.25	20,578.21	1,02,612.07
Total net Undiscounted financial assets/(liabilities)	5,601.84	339.44	(903.77)	1,882.75	5,665.01	5,096.25	11,384.19	29,065.71

As at March 31, 2021

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Financial Assets								
Cash and Cash Equivalents	1,590.32	12.16	-	-	-	-	-	1,602.48
Bank balances other than Cash and Cash Equivalents	1,082.96	1,030.04	1,674.87	548.65	134.22	105.71	114.44	4,690.89
Derivative financial instruments	-	-	-	-	-	-	45.87	45.87
Receivables								
i) Trade Receivables	56.60	-	-	-	-	-	-	56.60
ii) Other Receivables	38.72	-	-	-	-	-	-	38.72
iii) Insurance Contact Assets	58.86	9.18	11.18	37.96	-	-	165.27	282.45
iv) Reinsurance assets	10.89	15.77	7.76	17.31	128.67	171.31	428.57	780.28
Loans	5,028.74	5,387.96	7,046.85	13,473.85	37,597.07	13,266.78	19,716.59	1,01,517.84
Investment in Associate & Joint Venture	-	-	-	-	-	-	37.15	37.15
Other Investments	1,355.86	421.68	591.32	659.37	2,970.95	2,076.90	7,732.04	15,808.12
Other Financial Assets	63.54	128.51	43.68	75.35	191.28	106.30	116.35	725.01
Total Undiscounted financial assets	9,286.49	7,005.30	9,375.66	14,812.49	41,022.19	15,727.00	28,356.28	1,25,585.41
Financial Liabilities								
Derivative financial instruments	-	-	-	-	-	-	-	-
Payables								
(I) Trade Payables								
i) Total outstanding dues of micro & small enterprises	0.04	-	-	-	-	-	-	0.04
ii) Total outstanding dues of creditors other than micro and small enterprises	316.70	74.83	28.06	18.71	28.07	-	-	466.37

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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) Other Payables								
i) Total outstanding dues of micro & small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	202.52	-	-	-	2.12	-	-	204.64
(III) Other Insurers								
i) Total outstanding dues of micro & small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	48.59	113.38	60.74	-	129.58	52.64	-	404.93
Debt Securities	1,106.03	2,695.98	1,086.18	1,540.01	5,628.87	1,604.28	27.12	13,688.47
Borrowings (Other than Debt Securities)	1,592.19	3,088.06	7,488.26	7,091.40	25,223.20	6,945.44	1,101.57	52,530.12
Subordinated Liabilities	2.73	371.75	127.69	779.08	1,599.40	747.35	15,331.01	18,959.01
Insurance Contract Liabilities	131.25	146.41	72.00	160.66	1,194.42	1,590.24	3,978.33	7,273.31
Other Financial Liabilities	499.68	22.15	20.83	28.50	136.40	27.42	9.91	744.89
Total Undiscounted financial liabilities	3,899.73	6,512.56	8,883.76	9,618.36	33,942.06	10,967.37	20,447.94	94,271.78
Total net Undiscounted financial assets/(liabilities)	5,386.76	492.74	491.90	5,194.13	7,080.13	4,759.63	7,908.34	31,313.63

Note - 49B Disclosures in connection with IND AS 116 - Leases

The Group has taken office premises and related assets on lease for its operations.

The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of machinery with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities included under financial liabilities and right to use asset included in Property, Plant and Equipment and the movements during the period:

Other Disclosures

(i) (a) Movement in the carrying value of the Right to Use Asset For the year ended March 31, 2022

Particulars	Amount		
	Building	Office Equipment	Computer Equipment
Opening Balance	112.05	27.81	15.96
Depreciation charge for the Period	(52.75)	(12.33)	(7.18)
Additions during the Period	74.01	-	-
Adjustment/Deletion	(5.27)	-	-
Closing Balance	128.04	15.48	8.78

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(i) (b) Movement in the carrying value of the Right to Use Asset for the year ended March 31, 2021

Particulars	Amount		
	Building	Office Equipment	Computer Equipment
Opening Balance	146.64	10.54	7.27
Depreciation charge for the Period	(53.86)	(8.59)	(5.42)
Additions during the Period	20.29	25.86	14.11
Adjustment/Deletion	(1.02)	-	-
Closing Balance	112.05	27.81	15.96

(ii) Classification of current and non current liabilities of the lease liabilities

Particulars	As on March 31, 2022	As on March 31, 2021
Current Liabilities	70.06	75.75
Non Current Liabilities	96.72	95.70
Total Lease liabilities	166.78	171.45

(iii) Movement in the carrying value of the Lease Liability during the year

Particulars	2021-22	2020-21
Opening Balance	171.45	181.38
Interest Expense	14.69	15.99
Lease Payments [Total Cash Outflow]	(86.56)	(75.91)
Short term rent concession	(1.12)	(6.30)
Additions during the year	74.01	58.68
Adjustment/Deletion	(5.69)	(2.39)
Closing Balance	166.78	171.45

(iv) Contractual Maturities of Lease liability

Particulars	As on March 31, 2022	As on March 31, 2021
Less than One year	73.10	77.43
One to Five years	104.97	111.77
More than Five years	5.40	9.91
Total	183.47	199.11

(v) The following are the amount recognised in the Profit or Loss statement

Particulars	2021-22	2020-21
Depreciation expense of right-of-use assets	72.26	67.87
Interest expense on lease liabilities	14.69	15.99
Expense relating to short-term leases (included in other expenses)	3.65	2.06
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	90.60	85.92

Lease liabilities are recognised at weighted average incremental borrowing rate ranging from 8% to 12.00%.

Notes to Consolidated Ind AS Financial Statements

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

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.

The Group has not defaulted in its lease obligations.

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, 2022		March 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and Cash Equivalents	2,801.42	2,801.42	1,602.48	1,602.48
Bank balances Other than Cash and Cash Equivalents	2,646.58	2,646.58	4,601.40	4,601.40
Receivables				
i) Trade Receivables	71.31	71.31	56.60	56.60
ii) Other Receivables	84.04	84.04	38.72	38.72
iii) Insurance Contract Assets	291.21	291.21	279.72	279.72
iv) Reinsurance Assets	874.16	874.16	780.28	780.28
Loans	74,144.71	75,164.53	65,839.34	68,381.89
Other Investments	12,788.05	12,777.96	11,640.87	11,465.82
Other Financial Assets	528.83	561.09	702.97	702.97
Total Financial Assets	94,230.31	95,272.30	85,542.38	87,909.88
Financial Liabilities				
Payables				
i) Trade Payables	298.75	298.75	285.70	285.70
ii) Other Payables	744.99	744.99	542.11	542.11
iii) Other Insurers	452.51	452.51	404.93	404.93
Debt Securities	13,410.80	13,425.57	12,487.26	12,492.72
Borrowings(Other than Debt Securities)	52,004.52	52,484.54	47,182.26	47,155.50
Subordinated Liabilities	3,813.26	3,971.75	4,127.63	4,143.95
Insurance Contract Liabilities	7,930.67	7,930.67	7,273.36	7,273.36
Other Financial Liabilities	536.13	639.16	511.26	511.26
Total Financial Liabilities	79,191.63	79,947.94	72,814.51	72,809.53

Notes to Consolidated Ind AS Financial Statements

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

The Management assessed that cash and cash equivalents, bank balance other than Cash and cash equivalents, receivable and payables 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.

- i) Derivatives are fair valued using market observable rates and publishing prices.
- ii) The fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.
- iii) The fair value of debt securities, borrowings other than debt securities and subordinated liabilities have estimated by discounting expected future cash flows discounting rate near to report date based on comparable rate / market observable data.
- iv) The fair values of quoted equity investments are derived from quoted market prices in active markets.
- v) The fair value investment in Government securities are derived from rate near to the reporting date of the comparable product.

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, 2022

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	30.65	30.58	-	-
FVTOCI Debt Instruments	8,514.13	-	8,514.13	-
FVTPL Debt Instruments & AIF	202.50	-	350.43	-
FVTPL Equity Instruments & Mutual Funds	280.40	274.40	-	6.00
Derivative financial instruments	186.53	-	186.53	-
Assets for which fair values are disclosed				
Investments-At Amortised cost	3,795.73	-	1,469.05	-
Investment Properties *	28.96	-	-	27.24
Loans	74,144.71	-	-	75,164.53
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, 2022				
Liabilities measured at Fair value				
Derivative financial instruments	169.56	-	169.56	-

Notes to Consolidated Ind AS Financial Statements

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

Particulars	Fair value measurement using			
	Total	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities for which fair values are disclosed				
Debt Securities	13,325.60	-	13,325.60	-
Borrowings (Other than Debt Securities)	52,484.54	-	52,484.54	-
Subordinated Liabilities	3,971.75	-	3,971.75	-

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

Quantitative disclosure fair value measurement hierarchy of assets as at March 31, 2021

Particulars	Fair value measurement using			
	Total	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at Fair value				
FVTOCI Equity Instruments	13.56	12.00	-	1.56
FVTPL Equity Instruments	108.20	105.32	-	2.88
FVTPL Debt Instruments	1,140.08	-	1,140.08	-
FVTPL Mutual Funds	141.55	141.55	-	-
Derivative financial instruments	114.20	-	114.20	-
Assets for which fair values are disclosed				
Investments-At Amortised cost	4,858.31	-	4,858.31	-
Investment Properties *	27.94	-	-	27.94
Loans	68,381.89	-	68,381.89	-

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

* Fair value of investment property is calculated based on valuation given by external independent valuer.

Quantitative disclosure fair value measurement hierarchy of liabilities as at March 31, 2021

Particulars	Fair value measurement using			
	Total	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at Fair value				
Derivative financial instruments	127.42	-	127.42	-
Liabilities for which fair values are disclosed				
Debt Securities	12,492.72	-	12,492.72	-
Borrowings (Other than Debt Securities)	47,155.50	-	47,155.50	-
Subordinated Liabilities	4,143.95	-	4,143.95	-

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

Notes to Consolidated Ind AS Financial Statements

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

Note - 50.3 Summary of Financial assets and liabilities which are recognised at amortised cost

Particulars	As at March 31, 2022	As at March 31, 2021
Financial Assets		
Cash and Cash Equivalents	2,801.42	1,602.48
Bank balances other than Cash and Cash Equivalents	2,646.58	4,601.40
Loans	74,144.71	65,839.34
Investments	3,795.73	5,156.25
Other Financial Assets	528.83	702.97
Financial Liabilities		
Debt Securities	13,410.80	12,487.26
Borrowings(Other than Debt Securities)	52,004.52	47,182.26
Subordinated Liabilities	3,813.26	4,127.63
Other Financial liabilities	536.13	511.26

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 and For the year ended March 31, 2022

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	0.00%	(52.81)	(1.00%)	(26.02)	0.67%	0.58	(1.09%)	(25.44)
II. Subsidiaries								
Cholamandalam Investment and Finance Company Limited	37.00%	5,019.22	42.00%	947.68	71.43%	61.89	43.40%	1,009.57
Cholamandalam MS General Insurance Company Limited	7.00%	985.24	5.00%	104.28	(34.78%)	(30.13)	3.19%	74.15
Non-Controlling Interests in all subsidiaries	53.00%	7,183.08	54.00%	1,216.29	62.68%	54.30	54.62%	1,270.59
III. Associates & Joint Venture								
White Data Systems India Private Limited	0.00%	24.02	0.00%	(0.21)	0.00%	-	(0.01%)	(0.21)
Vishvakarma Payments Private Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cholamandalam MS Risk Services Limited	0.00%	15.42	0.00%	2.51	0.00%	-	0.11%	2.51
Payswiff Tehnologies Private Limited	3.00%	445.59	0.00%	(4.42)	0.00%	-	(0.19%)	(4.42)
Paytail Commerce Private Limited	0.00%	9.01	0.00%	(0.75)	0.00%	-	(0.03%)	(0.75)
Total Share of Holding and Non-Controlling Interest	100.00%	13,628.77	100.00%	2,239.36	100.00%	86.64	100.00%	2,326.00

Notes to Consolidated Ind AS Financial Statements

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

As at and for the year ended March 31, 2021

Name of the entity	Net Assets (i.e. total assets less total liabilities)		Share in profit or loss		Other Comprehensive Income		Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
I. Parent								
Cholamandalam Financial Holdings Limited	(1.00%)	(99.22)	(2.00%)	(40.41)	(0.82%)	0.53	(2.35%)	(39.88)
II. Subsidiaries								
Cholamandalam Investment and Finance Company Limited	40.00%	4,523.43	38.00%	674.68	20.67%	(13.30)	38.91%	661.38
Cholamandalam MS General Insurance Company Limited	8.00%	924.58	11.00%	190.05	33.22%	(21.37)	9.92%	168.68
Non-Controlling Interests in all subsidiaries	53.00%	5,972.80	53.00%	939.58	46.93%	(30.19)	53.50%	909.39
III. Associate & Joint Venture								
White Data Systems India Private Limited	0.00%	24.24	0.00%	(0.53)	0.00%	-	(0.03%)	(0.53)
Vishvakarma Payments Private Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cholamandalam MS Risk Services Limited	0.00%	12.91	0.00%	0.85	0.00%	-	0.05%	0.85
Total Share of Holding and Non-Controlling Interest	100.00%	11,358.74	100.00%	1,764.22	100.00%	(64.33)	100.00%	1,699.89

Note - 51 Additional Disclosures Under Schedule III Division III

Part I -Ageing Analysis

A. Trade Receivables ageing schedule as on March 31,2022

Particulars	Outstanding for following periods from due date of transaction					
	Less than 6 Months	6 Months to 1 Year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	70.05	0.54	0.01	0.23	-	70.83
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	0.02	0.05	0.04	0.05	0.32	0.48
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
Total	70.07	0.59	0.05	0.28	0.32	71.31

Notes to Consolidated Ind AS Financial Statements

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

B. Trade Receivables ageing schedule as on March 31, 2021

Particulars	Outstanding for following periods from due date of transaction					Total
	Less than 6 Months	6 Months to 1 Year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	53.63	2.53	-	-	-	56.16
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	0.01	0.04	0.05	0.09	0.25	0.44
(iv) Disputed Trade Receivables- considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
Total	53.64	2.57	0.05	0.09	0.25	56.60

C. Capital Work In Progress (CWIP) ageing schedule as on March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	26.13	-	-	-	26.13
Projects Temporarily Suspended	-	-	-	-	-

Note:

The above amount pertains to one project which is expected to be completed by Dec 2022

D. Intangible assets under development aging schedule as on March 31, 2022

Particulars	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	10.17	2.84	0.85	0.46	14.32
Projects Temporarily Suspended	-	-	-	-	-

E. Intangible assets under development aging schedule as on March 31, 2021

Particulars	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	4.78	3.38	1.41	0.34	9.91
Projects Temporarily Suspended	-	-	-	-	-

Notes to Consolidated Ind AS Financial Statements

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

F. Trade Payables ageing schedule as on March 31, 2022

Particulars	Outstanding for following periods from due date of transaction				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro and Small Enterprises	3.24	-	-	-	3.24
(ii) Others	294.97	0.07	0.08	0.39	295.51
(iii) Disputed dues – Micro and Small Enterprises	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	298.21	0.07	0.08	0.39	298.75

G. Trade Payables ageing schedule as on March 31, 2021

Particulars	Outstanding for following periods from due date of transaction				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro and Small Enterprises	0.04	-	-	-	0.04
(ii) Others	283.78	0.12	0.22	0.37	284.49
(iii) Disputed dues – Micro and Small Enterprises	-	-	-	-	-
(iv) Disputed dues - Others	-	1.17	-	-	1.17
Total	283.82	1.29	0.22	0.37	285.70

Note - 51 Additional Disclosures Under Schedule III Division III

Part - II - Other Disclosures

Note - 51.1 No proceedings have been initiated on or are pending against the group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

Note - 51.2 Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

Note - 51.3 As per the information available, the Group has no transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

Note - 51.4 There has been no charges or satisfaction yet to be registered with ROC beyond the statutory period.

Note - 51.5 The Group as part of its normal lending business, grants loans and advances to its customers, other entities and persons ensuring adherence to all regulatory requirements. Further, the group has also borrowed funds from banks, financial institutions in compliance with regulatory requirements in the ordinary course of business.

Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries). The Group has also not received any fund from any parties (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Note - 51.6 Group has not traded or invested in Crypto currency or Virtual Currency during the financial year ended March 31, 2022.

Notes to Consolidated Ind AS Financial Statements

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

Note - 52 Events after reporting date

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

Note - 53 Prior period information

Previous year figures have been regrouped / re-classified wherever necessary to conform to this year's classification.

As per our report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Firm Regn No.109983W

Tirtharaj Khot

Partner

Membership No: (F) - 037457

Place : Chennai

Date : May 11, 2022

For and on behalf of the Board of Directors

M M Murugappan

Chairman

DIN:00170478

Sridharan Rangarajan

Director

DIN:01814413

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.



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