

26th ANNUAL REPORT
CHOLAMANDALAM MS RISK SERVICES
LIMITED

DIRECTORS' REPORT TO MEMBERS

Your Board of Directors takes pleasure in presenting the Twenty Sixth Annual Report of **Cholamadalam MS Risk Services Limited** ("Company") together with the audited financial statements for the year ended March 31, 2021.

FINANCIAL HIGHLIGHTS*

(Rs.in million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Income	435.91	489.00
Expenses	409.51	432.80
Profit Before Tax	26.39	56.20
Profit After Tax	19.48	40.88
Other Comprehensive income / (loss)	0.03	0.85
Total Comprehensive Income	19.45	40.03
Add: Balance b/f from Previous Year	123.48	89.48
Total	142.93	129.51
Dividend-Equity	2.50	5.00
Tax on Dividend	-	1.02
Transfer to Retained Earnings	10.00	-
Profit carried to Balance Sheet	130.43	123.49

OPERATIONS

During the year, the company registered revenues of Rs.435.91 million (Rs. 489 million in the previous year) and profit before tax at Rs.26.39 million (Rs. 56.20 million during the last year).

In the second half of the year, business was restored to normalcy after the Covid-19 induced lockdown / restrictions that was prevalent in varying degree in the first half. The business responded with the digital offerings, technical guidance & pre-start up publications for industries about Covid19 during the lockdown period and then was able to scale up the regular services (including virtual mode). The company deployed more than 55% of the resources in Client locations as Safety consultants in various parts of the country.

The company has also strengthened its Order book further with 380 Mn order book during the pandemic year, which includes few long-term contracts for secondment business.

CHOLAMANDALAM MS RISK SERVICES LIMITED
 (An ISO 9001:2015 Certified Company)

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 Website: www.cholarisk.com
 CIN: U74140TN1994PLC029257

"Dare House", No.2, NSC Bose Road, Chennai – 600001, India.

PAN: AABCC6610Q

IGSTIN: 33AABCC6610Q1ZL

As a key product offering in line with the emerging environment, the business put in place a digital division to explore and supplement the existing core services with digitalization and launch digital products.

Specific to Verticals, Process Safety (300+ Projects), Electrical (100+Projects), and Environment Division (60+ Projects) Consultancy Projects executed during the year. Around 95 Construction Safety professionals & 55 Logistics Safety Specialists were deployed in 38 different locations for various Corporate's Sites.

The Strategic Alliance Partnership with Inogen continues. The company continues to service clients in the Middle East.

The company is backed by a strong technical team of multidisciplinary & certified professionals having exposure to domestic and international markets. The company introduced and started promoting virtual sessions for specific studies for clients during the year. The Business also focused on employee engagement and skill development specifically via online training sessions, cross functional training program and young managers training programs during the year.

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

Towards improving operations, the business deployed an SRP software to manage its end to end business operations process starting from business inquiry to project management to finance.

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

Planning for 2021-22 and thereafter

The company has recorded an Order book of Rs. 380 million during the year. Even though Business has a robust carry-forward order book with few long-term secondment contracts, challenges in execution of consulting projects due to the outburst of the second wave of the pandemic is anticipated. Business expects operating conditions to improve from the second quarter of the year as the second wave subsides and vaccination levels improve within the country.

The Company would be taking all necessary steps to safeguard the interest of all stakeholders (especially employees & clients) while continue to executing projects in the covid19 scenario. Meetings through Virtual mode would be promoted even for the consultancy studies, wherever possible.

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DIVIDEND AND RESERVES

Your Directors are pleased to recommend a dividend of Rs. 1.25/- per equity share of Rs.10/- each. An amount of Rs. 25,00,000/- (Rupees Twenty Five lakhs only) is proposed to be paid for the year.

An Amount of Rs. 10 million proposed to be transferred to General Reserve for the FY 2020-21.

SHARE CAPITAL

During the year under review, there was no change in the Authorized Capital as well as Paid up Capital of the Company and the same stood at Rs.2 Crore.

DIRECTORS

Mr. Sridharan Rangarajan (DIN: 01814413) and Mr. V Suryanarayanan (DIN: 01416824), were reappointed as Directors who was liable to retire by rotation by the shareholders at the Twenty fifth Annual General Meeting (AGM) of the Company held on July 28, 2020.

Mr. S S Gopalarathnam resigned from office of director w.e.f September 5, 2020.

Mr. Hideo Yoshida and Mr. Shiji Ueki resigned from their office of Director with effect from March 31, 2021.

Mr. Akihiko Ikeno (DIN-09130647) and Mr. Makoto Hattori (DIN-09130710) were appointed as Additional Directors by the Board on April 27, 2021 with effect from April 27, 2021.

The Board places on record its deep appreciation and gratitude to Mr. S S Gopalarathnam, Mr. Hideo Yoshida and Mr. Shinji Ueki for their guidance and valuable contributions to the Company during their tenure.

Mr. Takashi Kishi (DIN: 08381603) retires by rotation at the ensuing annual general meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

The offices of Mr. Akihiko Ikeno and Mr. Makoto Hattori as Directors will expire at the conclusion of the ensuing Annual General Meeting (AGM). Your directors recommend their appointment as Directors in the AGM.

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel's of the Company as on 31st March, 2021 are:

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

BOARD MEETINGS

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

During the year, five Board meetings were convened and held on the following dates: May 19, 2020, July 28, 2020, October 30, 2020, January 28, 2021 and March 19, 2021. The intervening gap between meetings did not exceed 120 days.

STATUTORY AUDITORS

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

FRAUDS REPORTED BY AUDITORS

During the year under review, no fraud has been reported by the Statutory Auditor, under Section 143(12) of the Companies Act, 2013 against the Company by its officer or employees.

RELATED PARTY TRANSACTIONS

During the financial year ended March 31, 2021, all related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Details of related party transactions are dealt with in note 29 in notes to accounts.

SUBSIDIARY/JOINT VENTURE/ASSOCIATE COMPANIES

The Company does not have any Subsidiary Company, Joint Venture and Associate Company during the Financial Year under review in terms of Companies Act, 2013.

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SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

PUBLIC DEPOSITS

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

LOANS, GUARANTEES AND INVESTMENTS

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

Rs. million

Description	As on 31.03.2020	Movement (Net of Deletions)	As on 31.03.2021
Investments made by the company	1.65	-	1.65

MAINTENANCE OF COST RECORDS

The provisions of Section 148 of the Companies Act, 2013, and Rules framed thereunder pertaining to maintenance of cost records as well as appointment of Cost Auditors are not applicable to the Company.

RISK MANAGEMENT AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of the Companies of the Act read with Schedule VII to the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 the Board has approved and adopted a Corporate Social Responsibility (CSR) Policy. Various CSR activities have been undertaken by the Company during the year under review in accordance with the CSR Policy.

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The CSR Policy is available in the website of the Company at <http://www.cholarisk.com/wp-content/uploads/2021/04/Chola-Risk-CSR-Policy.pdf>

The details of the CSR activities undertaken by the Company during FY 2020-21, in the prescribed format is annexed to this report as **Annexure A**.

POLICY ON PREVENTION OF SEXUAL HARRASSEMENT AT WORK PLACE:

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

During the calendar year ended December 31, 2020, the Company has not received any complaints under the policy.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

ANNUAL RETURN

The annual return of the Company for the financial year ended March 31, 2020, in form MGT 7 is available on the website at **www.cholarisk.com**.

The draft annual return of the Company for the financial year ended March 31, 2021, in form MGT 7 is also available on the website at **www.cholarisk.com**.

PARTICULARS OF EMPLOYEES

The Company had 277 employees as on 31st March, 2021. Details of remuneration as required to be provided pursuant to Section 197(12) of the Companies Act, 2013, read with Rule 5(2) and Rule 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection at the registered office of the company during the business hours on working days of the company. If any member is interested in obtaining a copy, such member may write to the company secretary in this regard.

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DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors accept the responsibility for the integrity and objectivity of the Statement of Profit & Loss for the year ended March 31, 2021, and the Balance Sheet as at that date ("financial statements") and confirm that:

- In the preparation of the Statement of Profit & Loss and the cash flow statement for the financial year ended March 31, 2021 and the Balance Sheet as at that date ("financial statements") applicable accounting standards have been followed;
- Appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with the size and nature of operations, subject to the inherent limitations that should be recognized in weighing the assurance provided by any such system of internal controls.
- The financial statements have been prepared on a going concern basis.
- Proper systems are in place to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars required to be furnished in this report under Section 134(3) of the Companies Act, 2013, and the rules made thereunder, relating to conservation of energy and technology absorption are not applicable for the year under review, and hence not furnished. The foreign exchange earnings and outgo during the year was at Rs.77.75 million and Rs.62.72 million respectively.

APPLICATION/PROCEEDING PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016

During the year under review, there was no application/proceeding initiated or pending under Insolvency and Bankruptcy code, 2016.

VALUATION FOR SETTLEMENT OR LOAN TAKEN FROM BANKS OR FINANCIAL INSTITUTIONS

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During the year under preview, there was no valuation done for any settlement or any valuation done for loan taken from bank or financial institutions.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards on Meetings of the Board of Directors (SS - 1) and General Meetings (SS - 2) issued by The Institute of Company Secretaries of India and approved by the Central Government.

ACKNOWLEDGMENTS

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

On behalf of the Board

Sd/-

Sd/-

Date: 27th April, 2021

Sridharan Rangarajan

V Suryanarayanan

Place: Chennai

Director

Director

CHOLAMANDALAM MS RISK SERVICES LIMITED**ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT FOR FINANCIAL YEAR ENDED MARCH 31, 2021**

1. Brief outline on CSR Policy of the Company.

The Company would be adopting a focused and a structured approach towards implementing its CSR initiatives. It has identified thematic and programme areas to guide the design, intent and approach of its CSR initiatives. These are broad thematic areas with focus on quality service delivery and empowerment. The programme areas are:

- Providing basic health care facilities to economically backward societies across geographical areas,
- Improving access to education, including road safety awareness campaigns
- Eradicating hunger and poverty, through livelihood generation and skill development, setting up old age homes, day care centres and such other facilities for senior citizens
- Supporting environmental and ecological balance, conservation of natural resources and similar programmes.
- Rural Development
- Promotion of sports through training of sportspersons,
- Promoting Arts & Culture
- Women Empowerment
- Disaster Relief & Management

2. Composition of CSR Committee: Not Constituted pursuant to exemption as per Sec 135(9) of the Companies Amendment Act, 2020.

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	--	--	--	--
2	--	--	--	--
3	--	--	--	--
4	--	--	--	--

3. The web-link of Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company at <http://www.cholarisk.com/wp-content/uploads/2021/04/Chola-Risk-CSR-Policy.pdf>.
4. 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 : 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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1	2020-21	NIL	NIL
	Total	NIL	NIL

6. Average net profit of the company as per section 135(5) : 14.70 Lakhs
7. (a) Two percent of average net profit of the company as per section 135(5) : Rs. 9.80 Lakhs
(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: NIL
(d) Total CSR obligation for the financial year (7a+7b-7c): Rs. 9.80 Lakhs
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	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.
10,00,000	-	-	-	-	-

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project.		Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1	Contribution to provision of equipments for Coromandel Hospital, Kakinada, Andhrapradesh	Promoting Health Care including Preventive Health Care	No	Andhra Pradesh	Kakinada	4,50,000	No	AMM Foundation, Chennai, Tamil Nadu	CSR0000 0050
2	Contribution to inclusive Education Programme, Chennai, Tamil Nadu	Improving Access to Education	Yes	Tamil Nadu	Chennai	3,50,000	No	National Association For the Blind, Chennai, Tamil Nadu	
3	Contribution to provision of equipments and improving the amenities at Durgabai Deshmukh General Hospital & Research Centre, Chennai, Tamil Nadu	Promoting Health Care including Preventive Health Care	Yes	Tamil Nadu	Chennai	2,00,000	No	Andhra Mahila Sabha, Chennai, Tamil Nadu	
	Total					10,00,000			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : **Rs.10,00,000/-**

(g) Excess amount for set off: Nil

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	9,80,360
(ii)	Total amount spent for the Financial Year	10,00,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(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)]	-

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	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 Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
	TOTAL	Nil					

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
						Nil		
	TOTAL					Nil		

10. Creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not Applicable

(Asset- wise details).

(a) Date of creation or acquisition of the capital asset(s) : NA

(b) Amount of CSR spent for creation or acquisition of capital asset: NA

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : NA

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

Sd/-

**V. Suryanarayanan
Director**

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHOLAMANDALAM MS RISK SERVICES LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Cholamandalam MS Risk Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2.20 of the Statement wherein the Company has disclosed its Assessment of the Covid-19 pandemic. As mentioned therein, the assessment of the Management does not indicate any material effect on the carrying value of its assets and liabilities of the Company on the reporting date or any adverse change in the ability of the Company to continue as a Going Concern. The assessment of the Management is dependent on the circumstances as they evolve considering the uncertainties prevailing in the economic situation.

Our opinion is not modified in respect of this matter.



Key Audit Matters

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

Sr. No.	Key Audit Matter	Auditor's Response
	<p>Contingent Liabilities:</p> <p>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> <p>Total contingent liabilities as at 31st March, 2021 is Rs.4,05,44,317/-.</p> <p>Refer Note No.30 of financial statements</p>	<p>In relation to this, our audit response included the following:</p> <ul style="list-style-type: none"> • We have reviewed the details of pending tax demands as at 31st March, 2021. • We have involved our internal experts to consider legal precedence and other rulings in evaluating the Management's position on these uncertain tax positions. • We have also reviewed Company's correspondence with tax authorities, legal counsels, grounds of appeal filed with appellate authorities.

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

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

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

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

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



Management's Responsibility for the Standalone Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.



- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has disclosed the effect of the pending legal proceedings against it in its financial statements as mentioned in Note : 30 to the Accounts ;
 - ii. the Company did not have any material foreseeable losses on long term contracts and the company did not have any derivative contracts.
 - iii. there was no amount to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Place: Chennai

Date: 27th April, 2021



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

P. Babu
P. Babu
Partner
Membership No. 203358
UDIN:21203358AAAAHW1808

CHOLAMANDALAM MS RISK SERVICES LIMITED
“ANNEXURE A” TO THE AUDITORS’ REPORT REFERRED IN OUR
REPORT OF EVEN DATE

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

We have audited the internal financial controls over financial reporting of Cholamandalam MS Risk Services Limited (“the Company”) as of 31st March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

Place: Chennai

Date: 27th April, 2021



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

P. Babu
Partner

Membership No. 203358
UDIN:21203358AAAAHW1808

CHOLAMANDALAM MS RISK SERVICES LIMITED
“ANNEXURE B” TO THE AUDITORS’ REPORT REFERRED TO IN OUR
REPORT OF EVEN DATE

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the Management during the year, in accordance with an annual plan of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- c) The Company does not own any immovable property.
2. In our opinion and according to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms, Limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, clauses (iii)(a), (b) and (c) of paragraph 3 of the Order are not applicable to the Company for the year.
3. In our opinion and according to the information and explanations given to us, the Company has not granted any loan to its Director(s) and has not made any investment, provided any guarantee or security as envisaged in Section 185 and Section 186 of the Companies Act, 2013, respectively
4. The Company has not accepted any deposits from the public.
5. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
6. i) In our opinion and according to the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Goods and Service Tax, and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March 2021 for a period of more than six months from the date they became payable.
- ii) In our opinion and according to the information and explanations given to us, there are no dues of Goods and Service Tax which have not been deposited on account of any dispute the dues in respect of Income tax which have not been deposited on account of dispute are as follows:

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

7. The Company does not have any borrowings from Banks, financial institutions, Government or by issue of debentures.
8. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purposes for which the loans were obtained.
9. To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company and no fraud on the Company by its officers or employees were noticed or reported during the year.
10. The provisions Section 197 read with Schedule V to the Companies Act, 2013 is not applicable to the company for the financial year ended 31st March 2021.
11. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards
12. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
13. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.
14. In our opinion and according to the information and explanations given to us, the nature of the Company's business/ activities during the year has been such that clause (ii), clause (xii) and clause (xvi) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company for the year.

Place: Chennai

Date: 27th April, 2021



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

P. Babu
P. Babu
Partner
Membership No. 203358
UDIN:21203358AAAAHW1808

Cholamandalam MS Risk Services Limited
Balance Sheet as at March 31, 2021

	Particulars	Note No.	As at March 31, 2021 Rs.	As at March 31, 2020 Rs.
I. ASSETS				
	Non-current assets			
	Property, plant and equipment	3	71,85,689	72,01,223
	Risght-of-use assets	3	2,29,96,808	2,56,32,059
	Capital Work in Progress		-	12,00,000
	Intangible assets	3	36,71,712	9,86,604
	Financial assets			
	(i) Investments	4	16,46,309	16,46,309
	(ii) Bank Balances other than Cash and cash equivalents	5	1,84,81,685	3,16,24,639
	Deferred tax assets (Net)	6	1,19,02,000	1,16,02,000
	Current Tax Assets(Net)	7	11,07,67,730	10,70,83,796
	Other non- current Assets	8	25,31,061	24,11,255
	Total non-current assets		17,91,82,994	18,93,87,885
	Current assets			
	Financial assets			
	(i)Trade receivables	9	14,84,59,475	17,15,10,959
	(ii)Cash and Bank Balances	10	7,19,99,441	1,52,83,903
	(iii)Bank Balances other than (ii) above	11	75,92,602	2,19,00,675
	(iv)Loans	12	1,66,15,418	2,57,39,454
	(v)Others	13	2,14,95,767	2,75,18,262
	Other Current Assets	14	43,72,285	53,40,560
	Total current assets		27,05,34,988	26,72,93,813
	Total Assets		44,97,17,982	45,66,81,698
II. EQUITY AND LIABILITIES				
	Equity			
	Equity share capital	15	2,00,00,000	2,00,00,000
	Other equity	16	24,04,34,982	22,34,81,272
	Non Current			
	Financial liabilities			
	(i) Lease liabilities	17	1,80,40,271	2,08,13,237
	(ii) Other financial liabilities	18	5,89,75,574	7,57,43,532
	Employee benefit obligation	21	1,36,29,348	1,20,06,505
	Total non-current liabilities		35,10,80,175	35,20,44,546
	Liabilities			
	Current liabilities			
	Financial liabilities			
	(i) Borrowings	19	-	-
	(ii) Trade payables	20	2,20,57,836	5,42,62,080
	(iii) Lease liabilities	17	51,25,257	38,42,649
	(iv) Other financial liabilities	18	2,04,50,755	69,48,187
	Employee benefit obligation	21	3,33,86,374	2,44,57,054
	Other current liabilities	22	1,76,17,585	1,51,27,182
	Total current liabilities		9,86,37,807	10,46,37,152
	Total equity and liabilities		44,97,17,982	45,66,81,698
	Summary of Significant accounting Policies	2		
<p>The notes referred to above form an integral part of the Financial statements This is the Balance Sheet referred to in our report of even date</p>				
	Sd/- For Brahmayya & Co. Chartered Accountants Firm Registration No.000511S	Sd/- V Suryanarayanan Director	Sd/- Sridharan Rangarajan Director	
	P. Babu Partner Membership No.203358	Sd/- N V Subba Rao Chief Executive	Sd/- Takashi Kishi Director	
	Place: Chennai Date: 27-April-2021	Sd/- M. Sundar Company Secretary		

Cholamandalam MS Risk Services Limited
Statement of Profit and loss for the year ended March 31, 2021

	Particulars	Note No.	For the Year Ended March 31, 2021 Rs.	For the Year Ended March 31, 2020 Rs.
I.	Revenue from operations	23	40,02,14,628	46,28,64,609
II.	Other income	24	3,56,94,728	2,61,44,873
III.	Total Income (I + II)		43,59,09,356	48,90,09,482
IV.	Expenses:			
	Purchase of Stock in Trade		42,20,134	76,71,846
	Employee benefits expense	25	25,13,83,002	23,40,85,546
	Finance costs	26	57,51,479	33,10,571
	Depreciation and amortization expense	3	1,05,77,511	46,78,396
	Other expenses	27	13,75,82,628	18,30,48,874
	Total expenses		40,95,14,754	43,27,95,233
V.	Profit before exceptional and extraordinary items and tax (III-IV)		2,63,94,602	5,62,14,249
VI.	Exceptional items			
VII.	Profit before extraordinary items and tax (V - VI)		2,63,94,602	5,62,14,249
VIII.	Extraordinary Items			
IX.	Profit before tax (VII- VIII)		2,63,94,602	5,62,14,249
X	Tax expense:			
	(1) Current tax	6a	72,10,292	1,73,98,039
	(2) Tax - Earlier years			
	(3) Deferred tax (Net)	6	(3,00,000)	(20,61,000)
XI	Profit for the Year from continuing operations (IX-X)		1,94,84,310	4,08,77,210
XII	Profit from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	Profit from Discontinuing operations (after tax) (XII-XIII)		-	-
XV	Profit for the period (XI + XIV)		1,94,84,310	4,08,77,210
XVI	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss			
	Actuarial (Gain)/Loss		40,892	11,36,518
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(10,292)	(2,86,039)
	B (i) Items that will be reclassified to profit or loss			
	(ii) Income tax relating to items that will be reclassified to profit or loss			-
	Total Comprehensive Income for the year		1,94,53,710	4,00,26,731
XVI	Earnings per equity share: (in Rs.)			
	A. For Continuing Operations			
	(1) Basic & Diluted	28	9.74	20.44
	B. For Discontinuing Operations			
	(1) Basic & Diluted			
	C. For Discontinued & Continuing Operations			
	(1) Basic & Diluted		9.74	20.44

Summary of Significant accounting Policies

2

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

Sd/-

For Brahmayya & Co.
Chartered Accountants
Firm Registration No.000511S

Sd/-
V Suryanarayanan
Director

Sd/-
Sridharan Rangarajan
Director

P. Babu
Partner
Membership No.203358

Sd/-
N V Subba Rao
Chief Executive

Sd/-
Takashi Kishi
Director

Place: Chennai
Date: 27-April-2021

Sd/-
M. Sundar
Company Secretary

Cholamandalam MS Risk Services Limited
Statement of changes in equity as at March 31, 2021

I) Equity Share Capital

	Amounts
Balance as at April 1, 2019	2,00,00,000
Changes in equity share capital during the year	-
Balance as at March 31, 2020	2,00,00,000
Changes in equity share capital during the year	-
Balance as at March 31, 2021	2,00,00,000

II) Other equity

			Actuarial Gain/(Loss) on Gratuity plan	Total
	General reserve	Retained earnings		
Balance as at April 1, 2019	10,00,00,000	8,94,82,307	-	18,94,82,307
Profit for the period	-	4,08,77,210	-	4,08,77,210
Other comprehensive income	-	-	(8,50,479)	(8,50,479)
Total Comprehensive Income	10,00,00,000	13,03,59,517	(8,50,479)	22,95,09,038
Transfer to Retained Earnings	-	-	8,50,479	8,50,479
Transfer from Actuarial Gains/Loss on Gratuity plan	-	(8,50,479)	-	(8,50,479)
Less : Dividend @Rs.2.5 per share (Previous year @ Rs.2.5 per share) (incl. dividend distribution tax)	-	(60,27,766)	-	(60,27,766)
Balance as at March 31, 2020	10,00,00,000	12,34,81,272	-	22,34,81,272
Profit for the period	-	1,94,84,310	-	1,94,84,310
Other comprehensive income	-	-	(30,600)	(30,600)
Total Comprehensive Income	10,00,00,000	14,29,65,582	(30,600)	24,29,34,982
Transfer to Retained Earnings	-	-	30,600	30,600
Transfer From Retained Earnings	1,00,00,000	(1,00,00,000)	-	-
Transfer from Actuarial Gains/Loss on Gratuity plan	-	(30,600)	-	(30,600)
Less : Dividend @Rs.1.25 per share (Previous year @ Rs.2.5 per share)	-	(25,00,000)	-	(25,00,000)
Balance as at March 31, 2021	11,00,00,000	13,04,34,982	-	24,04,34,982

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

Sd/-
For Brahmayya & Co.
Chartered Accountants
Firm Registration No.000511S

Sd/-
V Suryanarayanan
Director

Sd/-
Sridharan Rangarajan
Director

P. Babu
Partner
Membership No.203358

Sd/-
N V Subba Rao
Chief Executive

Sd/-
Takashi Kishi
Director

Place: Chennai
Date: 27-April-2021

Sd/-
M. Sundar
Company Secretary

Cholamandalam MS Risk Services Limited
Statement of Cash Flow for the year ended March 31, 2021

Particulars	For the Year Ended March 31, 2021 Rs.	For the Year Ended March 31, 2020 Rs.
A. Cash Flow from Operating Activities		
Profit before Taxation	2,63,94,602	5,62,14,249
Non- cash adjustments and Non-Operating Items :		
Provision for Bad & Doubtful debts/ Advances	1,67,11,451	1,80,73,939
Depreciation and Amortisation	1,05,77,511	46,78,396
Provision no longer required written back	(1,93,36,484)	(1,08,47,791)
Profit on Sale of Investment	-	(91,925)
Interest income	(34,18,039)	(34,85,964)
(Profit)/Loss on Sale of Fixed Asset	37,947	(2,01,159)
Finance Cost	57,51,479	33,10,571
Acturial Gain/(loss)	(30,600)	(8,50,479)
Unrealised (Gain)/loss	(2,48,420)	(23,60,668)
Operating Profit before working capital changes	3,64,39,447	6,44,39,169
Changes in Working Capital :		
Increase/(Decrease) in Short term Borrowings	-	(52,67,530)
Increase/(Decrease) in Long term employee benefits	16,22,843	25,15,021
Increase/(Decrease) in Short term employee benefits	89,29,320	33,27,875
Increase/(Decrease) in Trade Payables	(3,22,08,254)	96,99,529
Increase/(Decrease) in Financial Liabilities	(32,65,390)	(19,37,295)
Increase/(Decrease) in Other Current Liabilities	24,90,403	63,65,091
(Increase)/Decrease in Trade Receivables	2,58,68,460	(68,46,105)
(Increase)/Decrease in Short term Loans & Advances	91,06,544	(57,65,045)
(Increase)/Decrease in other Financial assets	60,22,495	(78,03,788)
(Increase)/Decrease in other Current/Non -Current Assets	8,48,469	2,95,098
Total Changes in Working Capital	1,94,14,890	(54,17,149)
Cash Generated from Operations	5,58,54,337	5,90,22,020
Less : Taxes Paid	(1,08,94,224)	(3,41,99,258)
Net cash generated from operating activities	4,49,60,113	2,48,22,762
B. Cash flow from Investing Activities		
Proceeds from sale of Fixed Assets	5,36,230	25,53,381
Purchase of Fixed Assets	(69,38,985)	(80,78,127)
Purchase of Non Current- Investment	-	-
Purchase of Current Investment	-	(2,22,00,000)
Proceeds from sale of Current Investment	-	2,22,91,925
Fixed Deposit	2,74,51,027	(1,88,35,234)
Income from Interest on Fixed Deposits	34,18,039	34,85,963
Net Cash flow from Investing Activities	2,44,66,311	(2,07,82,092)
C. Cash flow from Financing Activities		
Repayment of Lease liability	(44,59,408)	(3,55,372)
Dividends Paid	(25,00,000)	(50,00,000)
Dividend Distribution Tax	-	(10,27,766)
Repayment of Short term borrowings	-	-
Finance Cost	(57,51,479)	(33,10,571)
Net Cash flow (used)/ from Financing Activities	(1,27,10,887)	(96,93,709)
Net Increase/Decrease in Cash and Cash equivalents	5,67,15,538	(56,53,039)
Cash and Cash equivalents at the beginning of the year	1,52,83,903	2,09,36,942
Cash and Cash equivalents at the end of the year	7,19,99,441	1,52,83,903
Components of Cash & Cash equivalents		
Cash on hand	4,775	13,574
with bank - On Current account	1,57,80,486	1,43,70,329
- On Deposits account	5,62,14,180	9,00,000
Total Cash & Cash equivalents	7,19,99,441	1,52,83,903
This is the Statement of Cash Flow referred to in our report of even date		
Sd/- For Brahmayya & Co. Chartered Accountants Firm Registration No.000511S	Sd/- V Suryanarayanan Director	Sd/- Sridharan Rangarajan Director
P. Babu Partner Membership No.203358	Sd/- N V Subba Rao Chief Executive	Sd/- Takashi Kishi Director
Place: Chennai Date: 27-April-2021	Sd/- M. Sundar Company Secretary	

Notes to Financial Statements

1. Corporate Information

The financial statements of "Cholamandalam MS Risk Services Limited" ("the Company" or "Chola MS Risk") are for the year ended 31 March 2021. The Company is an unlisted public company domiciled in India and is incorporated under the provisions of the Companies Act, 1956 applicable in India. The registered office of the Company is located at "Dare House", No.2, NSC Bose Road, Chennai - 600001.

1.1 Basis of Preparation

These financial statements for the year ended March 31, 2021 have been prepared in accordance with the Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended up to date.

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

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

The financial statements are presented in INR.

2. Summary of Significant Accounting Policies

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

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

A liability has been classified as current when it satisfies any of the following criteria:

- a) It is expected to be settled in the Company's normal operating cycle;
- b) It is due to be settled within twelve months after the reporting period; or
- c) The Company does not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting period.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

2.2 Fair Value Measurement:

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The fair value related disclosures are given in the relevant notes.

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

2.3 Use of Estimates:

The preparation of Standalone Financial Statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, like provision for employee benefits, provision for doubtful trade receivables / advances / contingencies, useful life of Property, Plant and Equipment, revisions, provision for taxation, recognition of contract assets, etc., during and at the end of the reporting period. Although these

estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods

2.4 Cash and Cash Equivalents:

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

2.5 Cash Flow Statement:

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

2.6 Property, Plant and Equipment:

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

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

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.7 Revenue and Other Income:

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

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

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

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

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

Revenue from service-related activity is recognized as follows:

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

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

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

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

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

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

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

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

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

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

Service fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

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

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

2.8 Government Grants, Subsidies and Export Benefits

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

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

2.9 **Employee Benefits: -**

I. Defined Contribution Plan

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

b. Provident Fund: Contributions to Provident Fund are recognised as expense in the year in which the services are rendered. The Company has no obligation other than the contribution payable to the Regional Provident fund.

c. Employee State Insurance: Contributions to Employees State Insurance Scheme are recognised as expense in the year in which the services are rendered.

II. Defined Benefit Plan

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

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

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

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

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

III Long Term Compensated Absences:

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

right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

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

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

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

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

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

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

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

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

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

2.11 **Foreign Currency Transactions:**

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

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

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

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

2.12 **Depreciation and Amortisation:**

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

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

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

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

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

2.13 **Taxes on Income:**

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

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax Credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax Credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

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

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

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

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

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

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

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

A. Financial Assets:

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

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

- a. Financial assets at amortised cost
- b. Financial assets measured at fair value through profit or loss (FVTPL)
- c. Financial assets measured at fair value through other comprehensive income FVTOCI.

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

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

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

Financial asset at FVTPL:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the Criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

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

2.17 **Impairment of Financial Assets:**

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

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

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

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other Credit enhancements that are integral to the contractual terms. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables.

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

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

B. Financial Liabilities:

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the Criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own Credit risks are recognized in OCI.

These gains / loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. Loans and Borrowings After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.18 **Inventories:**

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

2.19 Significant Accounting Judgements, Estimates and Assumptions:

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

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a. Judgements:

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

b. Estimates and Assumptions.

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

Such changes are reflected in the assumptions when they occur.

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

2.20 Estimation of uncertainties relating to the global health pandemic from COVID-

19 (COVID 19): Due to the outbreak of COVID-19 Pandemic, the Company has resumed its operations in a phased manner by the end of April 2020 taking into account the directions of the government. The operations were resumed gradually and started reviving at a better phase from the second quarter onwards and progressing positively. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and economic forecasts and expects that the carrying amount of these assets will be recovered. Due to the nature of the pandemic, the Company continues to monitor developments to identify significant uncertainties relating to revenue in future periods. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements

Note 3

(A) Property, plant and equipment for the Year ended March 31, 2021

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at	Additions	Deletions/ Adjustments	As at	As at	Provided for the year ended March 2020	Deletions/ Adjustments	Up to	As at		
	April 1, 2020			March 31, 2021	April 1, 2020			March 31, 2021	March 31, 2021	March 31, 2020	
Owned Assets											
1 Plant and Machinery	14,74,209			14,74,209	9,97,942	1,27,031		11,24,973	3,49,236	4,76,267	
2 Furniture and Fixtures	15,46,978		14,01,294	1,45,684	9,24,409	77,600	8,56,326	1,45,683	1	6,22,569	
3 Vehicles	46,23,490			46,23,490	24,16,484	10,71,407		34,87,891	11,35,599	22,07,006	
4 Office Equipment	18,64,831	15,16,235	1,53,553	32,27,513	9,18,961	3,99,779	1,53,553	11,65,187	20,62,326	9,45,870	
5 Electrical & Fittings	5,76,394		2,63,983	3,12,411	4,15,816	92,234	2,34,775	2,73,275	39,136	1,60,578	
6 Computers	59,26,297	24,41,850		83,68,147	31,37,364	16,31,392		47,68,756	35,99,391	27,88,933	
TOTAL	1,60,12,199	39,58,085	18,18,830	1,81,51,454	88,10,976	33,99,443	12,44,654	1,09,65,765	71,85,689	72,01,223	

(B) Right of use assets for the Year ended March 31, 2021

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at	Additions	Deletions/ Adjustments	As at	As at	Provided for the year ended March 2020	Deletions/ Adjustments	Up to	As at		
	April 1, 2020			March 31, 2021	April 1, 2020			March 31, 2021	March 31, 2021	March 31, 2020	
1 Buildings	2,59,38,863	-	-	2,59,38,863	3,06,804	51,87,772		59,94,576	2,04,44,287	2,56,32,059	
2 Plant and Machinery		30,47,024		30,47,024		4,94,503		4,94,503	25,52,521	-	
Total	2,59,38,863	30,47,024	-	2,89,85,887	3,06,804	56,82,275	-	59,89,079	2,29,96,808	2,56,32,059	

(C) Intangible assets for the Year ended March 31, 2021

Figures in Rs.

DESCRIPTION	GROSS BLOCK				AMORTIZATION				NET BLOCK		
	As at	Additions	Deletions/ Adjustments	As at	As at	Provided for the year ended March 2020	Deletions/ Adjustments	Up to	As at		
	April 1, 2020			March 31, 2021	April 1, 2020			March 31, 2021	March 31, 2021	March 31, 2020	
1 Software	48,42,760	41,80,900	-	90,23,660	38,56,156	14,95,793	-	53,51,949	36,71,712	9,86,604	
TOTAL	48,42,760	41,80,900	-	90,23,660	38,56,156	14,95,793	-	53,51,949	36,71,712	9,86,604	
Grand Total	4,67,93,822	1,11,86,009	18,18,830	5,61,61,001	1,29,73,936	1,05,77,511	12,44,654	2,23,06,793	3,38,54,209	3,38,19,886	

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

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

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

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

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

Figures in Rs.

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

Cholamandalam MS Risk Services Limited

Notes forming part of accounts for the year ended March 31, 2021

Particulars	As at March 31, 2021 Rs.	As at March 31, 2020 Rs.
Financial assets- Non current		
Note 4		
Investments- FVOCI		
Equity Shares - Unquoted		
Inogen Environmental Alliance Inc.	16,46,309	16,46,309
500,000 shares of USD 0.5 each		
Investments- non current	16,46,309	16,46,309

Note 5		
Bank Balances other than Cash and cash equivalents		
Fixed Deposits with original maturity for more than 12 months *	1,84,81,685	3,16,24,639
Total other financial assets- non current	1,84,81,685	3,16,24,639

* Includes Fixed Deposits placed on lien with Banks

40,00,000

3,16,24,639

Note 7		
Current Tax Assets (Net)		
Advance Tax Paid	71,25,165	71,25,165
Tax paid for overseas operations	1,71,10,226	1,36,42,884
Tax deducted at source receivable	19,86,01,376	19,11,84,784
Less: Provision for Taxation	11,20,69,037	10,48,69,037
Total Current Tax Assets (Net)	11,07,67,730	10,70,83,796

Note 8		
Other non-current assets		
Prepaid Expenses	25,31,061	24,11,255
Total other non- current Assets	25,31,061	24,11,255

Note 9		
Trade receivables		
Unsecured, considered good	14,84,59,475	17,15,10,959
Unsecured, considered Doubtful		
Doubtful	2,00,15,242	2,31,81,759
Less: Provision for doubtful debts	2,00,15,242	2,31,81,759
Total Trade receivables	14,84,59,475	17,15,10,959

Note 10		
Cash and bank balances		
Cash in Hand	4,775	13,574
Balance with banks		
On current accounts	1,57,80,486	1,43,70,329
Fixed Deposits with maturity for less than 3 months*	5,62,14,180	9,00,000
Total Cash and Bank Balances	7,19,99,441	1,52,83,903

* Includes Fixed Deposits placed on lien with Banks

1,00,50,000

9,00,000

Cholamandalam MS Risk Services Limited

Notes forming part of accounts for the year ended March 31, 2021

Particulars	As at March 31, 2021 Rs.	As at March 31, 2020 Rs.
Note 11		
Bank Balances other than Cash and cash equivalents		
Fixed Deposits with maturity for less than 12 months	75,92,602	2,19,00,675
	75,92,602	2,19,00,675
Total Bank Balances other than Cash and Cash equivalents		

Note 12		
Financial Assets - Current		
Loans		
Unsecured and considered good		
Rent deposits	20,93,398	28,19,084
Security deposits	1,30,12,746	2,04,84,474
Employee related advances	7,47,056	7,89,339
Other advances	1,02,003	3,40,594
Earnest Money Deposit	2,55,562	7,83,750
Interest accrued on Fixed Deposits	4,04,653	5,22,213
Unsecured and considered Doubtful		
Earnest Money Deposit - Doubtful	2,72,236	89,486
Less : Provision for doubtful loans and advances	2,72,236	89,486
Security Deposit - Doubtful	12,69,736	9,11,000
Less : Provision for Security Deposit	12,69,736	9,11,000
Total Loans -Financial Assets - Current	1,66,15,418	2,57,39,454

Note 13		
Others -Financial Assets - Current		
Unbilled Revenue	1,82,93,654	2,13,51,203
SEIS claim receivables	32,02,113	61,67,059
Total other financial assets- current	2,14,95,767	2,75,18,262

Note 14		
Other Current Assets		
Prepaid Expenses	37,84,754	41,19,373
Advance paid to Vendors	5,87,531	12,21,187
Total other current assets	43,72,285	53,40,560

Cholamandalam MS Risk Services Limited

Notes forming part of accounts for the year ended March 31, 2021

Particulars	As at March 31, 2021 Rs.	As at March 31, 2020 Rs.
Note 17		
Lease liabilities - Non Current		
Finance Lease obligation	1,80,40,271	2,08,13,237
Total - Non Current	1,80,40,271	2,08,13,237
Lease liabilities - Current		
Finance Lease obligation	51,25,257	38,42,649
Total - Current	51,25,257	38,42,649
Total Lease liabilities	2,31,65,528	2,46,55,886

The following is the movement in lease liabilities during the year ended March 31, 2021:

Balance at the beginning	2,46,55,886	-
Additions	29,69,050	2,50,11,258
Deletions	-	-
Finance cost accrued during the period	22,53,791	-
Payment of lease liabilities	67,13,199	3,55,372
Balance at the end	2,31,65,528	2,46,55,886

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis

Less than one year	70,86,069	60,09,024
One to five years	2,05,20,963	2,50,67,645
More than five years	-	-
Total	2,76,07,032	3,10,76,669

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2021

Particulars	As at March 31, 2021 Rs.	As at March 31, 2020 Rs.
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Note 18		
Other Financial Liabilities- Non Current		
Advance from customers	83,53,360	1,94,07,140
Security Deposit	5,06,22,214	5,63,36,392
Total other Financial Liabilities- Non Current	5,89,75,574	7,57,43,532
Other Financial Liabilities- Current		
Expenses payable	1,28,65,807	63,09,255
Employee related payables	75,84,948	6,38,932
Total Other Financial Liabilities- Current	2,04,50,755	69,48,187

Note 19		
Borrowings- Current		
Secured		
Cash Credit facility	-	-
Total Borrowings- Current	-	-

(i) Nature of Security

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

(ii) Terms of repayment

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

Note 20		
(i) Trade payables		
Dues to enterprises other than Micro and Small Enterprises	2,04,47,325	5,33,75,069
Dues to Micro and Small Enterprises **	16,10,511	8,87,011
Total -Trade payables	2,20,57,836	5,42,62,080

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

Note 21		
Employee benefit obligation-Non- Current		
Provision for Leave encashment	1,36,29,348	1,20,06,505
Total - Non current - Employee benefit obligation	1,36,29,348	1,20,06,505

Employee benefit obligation- Current		
Provision for Incentive	2,46,81,223	1,78,23,648
Provision for gratuity	19,14,927	12,76,256
Provision for Leave encashment	67,90,224	53,57,150
Total - Current - Employee benefit obligation	3,33,86,374	2,44,57,054

Note 22		
Other current liabilities		
Advance from customers	41,99,875	37,81,080
Statutory related payables	1,34,17,710	1,13,46,102
Total Current liabilities	1,76,17,585	1,51,27,182

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2021

6 Deferred tax assets

The balance comprises temporary differences attributable to:

	March 31, 2021	March 31, 2020
Depreciation	11,88,247	12,73,851
Provision for employee benefits	51,39,198	43,70,085
Provision for doubtful debts	54,25,520	60,86,187
Others	1,49,036	(1,28,123)
Total deferred tax assets	1,19,02,000	1,16,02,000

Movement in deferred tax assets

	Depreciation	Provision for employee benefits	Provision for doubtful debts	Others	Total
At April 1, 2020	12,73,851	43,70,085	60,86,187	(1,28,123)	1,16,02,000
(Charged)/credited: - to profit or loss	(85,604)	7,69,113	(6,60,668)	2,77,159	3,00,000
At March 31, 2021	11,88,247	51,39,198	54,25,519	1,49,036	1,19,02,000

6a Income Tax Expense

The major components of income tax expense for the years ended 31st March 2021 and 31st March 2020 are:

Statement of Profit and Loss

Particulars	March 31, 2021	March 31, 2020
Current Tax:		
Current income tax charge	72,10,292	1,73,98,039
Adjustments in respect of current income tax of previous years		-
Deferred Tax:		
Relating to the origination and reversal of temporary differences	(3,00,000)	(20,61,000)
Income Tax Expense reported in the Statement of Profit and Loss	69,10,292	1,53,37,039
Other Comprehensive Income (OCI)		
Tax effect on		
Re-measurement Loss on Defined Benefit Obligations	(10,292)	(2,86,039)
Income Tax charged to OCI	(10,292)	(2,86,039)

Reconciliation of Tax Expense and the Accounting Profit multiplied by Corporate Income Tax Rate applicable for 31st March 2021 and 31st March 2020:

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

Accounting Profit before income tax

Particulars	March 31, 2021	March 31, 2020
Profit before Income Tax multiplied by Standard Rate of Corporate Tax in India of March 31, 2021- 25.168% & March 31, 2020- 25.168%	66,32,702	1,38,61,963
Effects of:		
Rate change on DTA from 27.82% to 25.168%		9,09,516
Other Disallowances	2,67,298	2,79,521
Reversal of provision with respect to prior years	-	-
Net Effective Income Tax	69,00,000	1,50,51,000

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

Authorised equity share capital

	Number of shares	Amount
As at 1 April 2020	20,00,000	2,00,00,000
Increase during the year		
As at 31 March 2021	20,00,000	2,00,00,000

(i) Movements in equity share capital

	Number of shares	Equity share capital (par value)
As at 1 April 2020	20,00,000	2,00,00,000
As at 31 March 2021	20,00,000	2,00,00,000

Terms and rights attached to equity shares

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

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

	March 31, 2021		March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Limited)	9,89,979	98,99,790	9,89,979	98,99,790
Mitsui Sumitomo Insurance Company Limited	10,00,000	1,00,00,000	10,00,000	1,00,00,000
	19,89,979	1,98,99,790	19,89,979	1,98,99,790

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

	March 31, 2021		March 31, 2020	
	Number of shares	% holding	Number of shares	% holding
Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Limited)	9,89,979	49.50%	9,89,979	49.50%
Mitsui Sumitomo Insurance Company Limited	10,00,000	50.00%	10,00,000	50.00%
	19,89,979	99.50%	19,89,979	99.50%

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

16 Other Equity

Reserves and surplus

	March 31, 2021	March 31, 2020
General reserve	11,00,00,000	10,00,00,000
Retained earnings	13,04,34,982	12,34,81,272
Total reserves and surplus	24,04,34,982	22,34,81,272

a) General reserve	March 31, 2021	March 31, 2020
Opening balance	10,00,00,000	10,00,00,000
Additions during the year	1,00,00,000	-
Deductions/Adjustments during the year		-
Closing balance	11,00,00,000	10,00,00,000

b) Retained earnings	March 31, 2021	March 31, 2020
Opening balance	12,34,81,272	8,94,82,307
Net profit for the period	1,94,84,310	4,08,77,210
<i>Items of other comprehensive income recognised directly in retained earnings</i>		
- Remeasurements of post-employment benefit obligation, net of tax	30,600	8,50,479
Less: Dividends	25,00,000	60,27,766
Less: Transfer to General reserve	1,00,00,000	
Closing balance	13,04,34,982	12,34,81,272

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2021

Particulars	For the Year Ended March 31, 2021 Rs.	For the Year Ended March 31, 2020 Rs.
Note 23		
Revenue from operations		
Fee Income from Services		
Overseas	8,08,37,298	9,71,48,653
Domestic	30,89,32,093	35,14,07,992
Other Operating Income - Training Services	64,09,957	55,93,546
Sale of telematics devices	2,13,610	55,27,455
Service income from telematics device	38,21,670	31,86,963
Total Revenue from Operations	40,02,14,628	46,28,64,609

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

Disaggregation of Revenue:

Figures in Rs.

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

Particulars	Revenue as per Ind AS 115			Total as per Profit or Loss and Segment Reporting
	Domestic	Foreign	Total	
Segment				
Consultancy Services	31,53,42,050	8,08,37,298	39,61,79,348	39,61,79,348
Trading activities	40,35,280	-	40,35,280	40,35,280
Total	31,93,77,330	8,08,37,298	40,02,14,628	40,02,14,628
a. Revenue recognised based on performance obligations satisfied over a period of time	31,53,42,050	8,08,37,298	39,61,79,348	39,61,79,348
b. Revenue recognised based on performance obligations satisfied at a point in time	40,35,280	-	40,35,280	40,35,280

Movement in Expected credit loss during the year

Particulars	Trade receivables covered under Ind AS 115	
	2020-21	2019-20
Opening balance	2,31,81,759	1,59,55,610
Changes in loss allowance:		
Loss allowance based on Expected credit loss	1,61,69,966	1,80,73,939
Additional provision (net)		
Addition/(reversal) of Loss allowance - net	(1,93,36,484)	(1,08,47,790)
Closing balance	2,00,15,242	2,31,81,759

Contract balances:

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

Particulars	2020-21	2019-20
Opening balance (A)	2,13,51,203	1,55,16,443
Add/(Less): Revenue recognised during the year	1,82,93,654	1,79,30,260
Add/(Less): Progress Bills raised during the year	(2,13,51,203)	(1,20,95,500)
Closing balance (B)	1,82,93,654	2,13,51,203

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2021

Reconciliation of contracted price with revenue during the year

Particulars	2020-21	2019-20
Opening contracted price of orders at the start of the year (including full value of partially executed contracts)	1,01,59,35,914	65,38,01,832
Changes during the year on account of:		
Add: Fresh orders received	38,76,42,015	61,02,94,392
Add: Scope Change/ Short Closure	(8,08,31,776)	28,98,502
Less: Orders completed	(21,50,65,460)	(25,10,58,812)
Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts)	1,10,76,80,693	1,01,59,35,914

Particulars	2020-21	2019-20
Revenue recognised during the year	38,97,69,391	44,85,56,645
Out of orders completed during the year	25,00,79,505	25,10,58,812
Out of continuing orders at the end of the year (I)	13,96,89,886	19,74,97,833
Revenue recognised upto previous year (towards continuing orders at the end of the year) (II)	32,75,70,272	19,92,54,270
Balance revenue to be recognised in future (III)	64,04,20,535	61,35,90,265
Total Gross work Order value	1,10,76,80,693	1,01,03,42,368

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

31-Mar-21				
Particulars	Total	Likely conversion in revenue		
		Up to 1 Year	1 to 2 years	More than 2 years
Orders allocated to the remaining performance obligation	64,04,20,535	51,76,42,849	4,18,61,478	8,09,16,208
31-Mar-20				
Particulars	Total	Likely conversion in revenue		
		Up to 1 Year	1 to 2 years	More than 2 years
Orders allocated to the remaining performance obligation	61,35,90,265	10,49,44,691	17,67,43,680	33,19,01,894

Qualitative Disclosure

Performance Obligation

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

Significant Payment Terms:

Progressive billing as per the milestone agreed with the Customers

Significant Judgement

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

Cholamandalam MS Risk Services Limited

Notes forming part of accounts for the year ended March 31, 2021

Particulars	For the Year Ended March 31, 2021 Rs.	For the Year Ended March 31, 2020 Rs.
Note 24		
Other income		
Foreign Exchange Gain	31,03,707	47,64,295
Export Benefit incentives	-	67,50,513
Interest income :		
Bank fixed deposits	34,18,039	34,85,964
Others- IT refund interest income	98,18,810	
Investment income:		
Miscellaneous Income	17,688	3,226
Provision no longer required written back	1,93,36,484	1,08,47,791
Profit on sale of Investment on Mutual Fund	-	91,925
Profit on sale of fixed assets	-	2,01,159
Total Other Income	3,56,94,728	2,61,44,873

Note 25

Employee benefits expense		
Salaries	21,96,36,410	20,41,96,217
Contribution to provident fund	89,73,690	93,20,415
Gratuity & long term compensated absence	79,59,615	70,73,697
Staff welfare	1,48,13,287	1,34,95,217
Total employee benefits expense	25,13,83,002	23,40,85,546

Note 26

Finance Costs		
Interest Cost to MSME	94,759	89,594
Interest Cost - Cash Credit	-	3,88,705
Interest Cost - Others	56,56,720	28,32,272
Total Finance Cost	57,51,479	33,10,571

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2021

Particulars	For the Year Ended March 31, 2021 Rs.	For the Year Ended March 31, 2020 Rs.
Note 27		
Other expenses		
Operating expenses		
Recruitment Expenses	15,94,507	8,21,602
Travelling & conveyance	1,60,40,119	4,24,65,852
Communication	2,59,366	13,38,840
Consultants Outsourcing fees	7,62,59,388	9,22,14,846
Less : Reimbursement of Expenses	(40,93,627)	(63,76,763)
	9,00,59,753	13,04,64,377
Business Development Cost		
Business Development and Advisory Cost	4,15,837	15,46,279
	4,15,837	15,46,279
General & administration expenses		
Power	8,13,727	5,99,675
Rent	26,50,738	69,72,753
Rates & taxes	11,16,322	54,05,780
Repairs & maintenance	27,56,231	30,88,440
Printing & stationery	7,38,424	23,23,721
Postage Expenses	2,01,865	4,66,956
Sitting fees	2,70,000	1,95,000
Insurance	7,91,145	5,16,645
Bank Charges	14,93,545	15,10,750
IT Expenses	41,00,077	18,94,261
Legal and Professional charges	25,40,850	7,59,523
Provision for bad & doubtful debts	1,61,69,965	1,80,73,939
Provision for doubtful loans and advances	5,41,486	-
Auditor's remuneration (Details given below)	5,40,000	5,40,000
Tender Fees	2,99,433	5,13,800
Training Expenses	14,00,690	12,88,325
Project Related Expenses	42,93,800	36,80,066
Membership and Subscription Fees	51,98,388	28,24,718
Corporate Social Responsibility expenses	10,00,000	
Miscellaneous expenses	1,90,352	3,83,866
	4,71,07,038	5,10,38,218
Total other expenses	13,75,82,628	18,30,48,874
Payment to Auditor		
Audit fee(excluding Service Tax/GST)	4,80,000	4,80,000
Tax audit fee(excluding Service Tax/GST)	60,000	60,000
Certification Fees (excluding GST)	35,000	35,000
Note 28		
Earnings per share		
Net profit after taxes	1,94,84,310	4,08,77,210
Equity shares outstanding as at the year end (in Nos.)	20,00,000	20,00,000
Nominal value per equity share	10	10
Weighted average number of shares	20,00,000	20,00,000
Earnings per share - Basic	9.74	20.44
Earnings per share - Diluted	9.74	20.44

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2021

Note 29

List of Related parties

a. Companies having substantial interest in voting rights:

1. Cholamandalam Financial Holdings Ltd (Formerly known as TI Financial Holdings Ltd)
2. Mitsui Sumitomo Insurance Company Limited, Japan

b. Companies under same management:

1. Cholamandalam MS General Insurance Company Ltd
2. Cholamandalam Investment and Finance Company Limited

b. Key Managerial Personnel:

1. N.V. Subba Rao – Designation: Chief Executive

Details of Related Party Transactions:

Transactions	Related Party	2020-21 (Rs.)	2019-20 (Rs.)
Rendering of Services (Income)	Cholamandalam MS General Insurance Co Ltd Cholamandalam Investment and Finance Company Limited	1,56,76,015	2,99,99,412 -
Availment of Services (Expense)	Cholamandalam MS General Insurance Co Ltd Cholamandalam Investment and Finance Company Limited	24,69,109 30,830	34,01,095 30,830
Sitting Fees	A) Mitsui Sumitomo Insurance Company Limited	2,10,000	1,50,000
Dividend Paid	A) Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Limited) B) Mitsui Sumitomo Insurance Company Ltd	12,37,474 12,50,000	24,74,948 25,00,000
Recovery of Expenses	Cholamandalam MS General Insurance Co Ltd	8,39,605	2,53,286
Receivables / Payables	Cholamandalam MS General Insurance Co Ltd	30,39,863/- (Dr)	36,83,756 (Dr)
Remuneration to Key Managerial Personnel	A) N V Subba Rao Designation: Chief Executive	1,44,52,760	1,36,29,150

Note 30

Contingent Liability

Assessment Year	Particulars	As at March 31, 2021	As at March 31, 2020
	Contested Liabilities Not provided for in respect of Tax matters pending before Appellate Authorities Income Tax Matters:		
2016-17	In respect of disallowance of payments made towards Business Promotion and Referral charges paid	2,62,67,027	2,62,67,027
2017-18	In respect of disallowance of payments made towards Business Promotion and Referral charges paid	1,42,77,290	1,42,77,290

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

Capital Commitment	Particulars	As at March 31, 2021	As at March 31, 2020
Software	SRP software	-	28,00,000

Note 31

Due to Micro, Small and Medium Enterprises	Year ended	Year ended
	March 31, 2021	March 31, 2020
The disclosures pursuant to the said MSMED Act are as follows:		
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	43,498	5,27,728
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	3,393	15,505
Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	18,45,936	33,62,125
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	91,366	74,089

Note 32**Fair value measurements****Financial instruments by category**

	Level	March 31, 2021			March 31, 2020			March 31, 2019		
		FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets										
Investments										
- Equity instruments	3		16,46,309			16,46,309		16,46,309		-
Trade receivables	3		-	14,84,59,475		-	17,15,10,959		-	16,98,96,633
Cash and cash equivalents			-	7,19,99,441		-	1,52,83,903		-	2,09,36,942
Bank Balances other than (ii) above			-	2,60,74,287		-	5,35,25,314		-	3,46,90,080
Loans	3		-	1,66,15,418		-	2,57,39,454		-	1,98,20,374
Others	3		-	2,14,95,767		-	2,75,18,262		-	2,16,20,917
Total financial assets			16,46,309	28,46,44,388		16,46,309	29,35,77,892		16,46,309	26,69,64,946
Financial liabilities										
Trade payables	3			2,20,57,836		-	5,42,62,080		-	4,38,47,210
Lease liabilities	3			2,31,65,528		-	2,46,55,886		-	-
Other financial liabilities	3			7,94,26,329		-	8,26,91,719		-	8,46,29,014
Total financial liabilities				12,46,49,693			16,16,09,685			12,84,76,224

(i) Fair value hierarchy

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

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

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

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

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

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

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

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

(iii) Valuation Process

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

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

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

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

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

Cholamandalam MS Risk Services Limited

Notes forming part of accounts for the year ended March 31, 2021

Financial instruments and risk management (contd.)**Note 33****Financial risk management****a. Governance framework**

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

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

(A) Credit risk

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

(i) Credit risk management

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

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

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

(i) Trade receivables:

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

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

(ii) Financial Instruments and cash deposits:

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

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 365 days past due.

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

(ii) Provision for expected credit losses

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

(a) Expected credit loss for trade receivables under simplified approach**Year ended 31 March 2021:**

Ageing	Less than 6 months	6 months to 1 year	More than 1 year	Total
Gross carrying amount	14,26,55,703	58,03,772	2,00,15,242	16,84,74,717
Expected loss rate	0%	0%	100%	12%
Expected credit losses (Loss allowance provision)	-	-	2,00,15,242	2,00,15,242
Carrying amount of trade receivables (net of impairment)	14,26,55,703	58,03,772	-	14,84,59,475

(b) Expected credit loss for trade receivables under simplified approach**Year ended 31 March 2020:**

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

Cholamandalam MS Risk Services Limited

Notes forming part of accounts for the year ended March 31, 2021

Financial instruments and risk management (contd.)

Note 33

Financial risk management

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

Reconciliation of loss allowance	Rs.
Loss allowance on 1 April 2020	10,00,486
Add (Less):	5,41,486
Changes in loss allowances	-
Loss allowance on 31 March 2021	15,41,972

(iv) Reconciliation of loss allowance provision – Trade receivables

Loss allowance on 1 April 2020	2,31,81,759
Changes in loss allowance	(31,66,517)
Loss allowance on 31 March 2021	2,00,15,242

(B) Liquidity risk

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

(i) Financing arrangements

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

	31 March, 2021	31 March, 2020
Floating rate		
Expiring within one year (cash credit facility)	7,00,00,000	2,00,00,000

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

(ii) Maturities of financial liabilities

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

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

Contractual maturities of financial liabilities:

	Less than 12 months	More than 1 year	Total
31 March 2021			
Non-derivatives			
Trade payables	2,20,57,836	-	2,20,57,836
Lease liabilities	51,25,257	1,80,40,271	2,31,65,528
Other financial liabilities	2,04,50,755	5,89,75,574	7,94,26,329
Total non-derivative liabilities	4,76,33,848	7,70,15,845	12,46,49,693

Contractual maturities of financial liabilities:

	Less than 12 months	More than 1 year	Total
31 March 2020			
Non-derivatives			
Trade payables	5,42,62,080	-	5,42,62,080
Lease liabilities	38,42,649	2,08,13,237	2,46,55,886
Other financial liabilities	69,48,187	7,57,43,532	8,26,91,719
Total non-derivative liabilities	6,50,52,916	9,65,56,769	16,16,09,685

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2021

Note 33

Financial instruments and risk management (contd.)

(C) Market risk

(i) Foreign currency risk

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

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

	31 March 2021				
	AED	GBP	Euro	USD	KwD
<i>Financial assets</i>					
Trade receivables	1,77,192		1,18,942	81,03,632	2,61,70,913
<i>Financial liabilities</i>					
Trade payables		-	-	7,17,579	12,51,650
Net exposure to foreign currency risk	1,77,192	-	1,18,942	73,86,053	2,49,19,263

	31 March 2020				
	AED	GBP	Euro	USD	KwD
<i>Financial assets</i>					
Trade receivables			3,03,469	1,50,46,604	3,43,00,299
<i>Financial liabilities</i>					
Trade payables		1,04,049	-	27,74,634	2,96,47,048
Net exposure to foreign currency risk	-	(1,04,049)	3,03,469	1,22,71,970	46,53,251

Sensitivity

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

	Impact on profit after tax	
	31 March 2021	31 March 2020
<i>USD sensitivity</i>		
INR/USD Increases by 10%	7,38,605	12,27,197
INR/USD Decreases by 10%	(7,38,605)	(12,27,197)
<i>KWD sensitivity</i>		
INR/KWD Increases by 10%	24,91,926	4,65,325
INR/KWD Decreases by 10%	(24,91,926)	(4,65,325)
<i>Euro sensitivity</i>		
INR/Euro Increases by 10%	11,894	30,347
INR/Euro Decreases by 10%	(11,894)	(30,347)
<i>GBP sensitivity</i>		
INR/GBP Increases by 10%	-	(10,405)
INR/GBP Decreases by 10%	0	10,405
<i>AED sensitivity</i>		
INR/GBP Increases by 10%	17,719	
INR/GBP Decreases by 10%	-17,719	

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2021

Note 34

Capital management

(a) Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, The company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents)

divided by

Total 'equity' (as shown in the balance sheet).

	March 31, 2021
Net debt	0
Total equity	26,04,34,982
Net debt to equity ratio	0%

(b) Dividends

	FY 2020-21	FY 2019-20
<i>(i) Equity shares</i>		
Final dividend for the year ended 31 March 2020 of Rs. 1.25 per fully paid up share	25,00,000	
Final dividend for the year ended 31 March 2019 of Rs. 2.5 per fully paid up share		50,00,000

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

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Rs. 1.25 per fully paid equity share for the year ended March 31, 2021. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

Cholamandalam MS Risk Services Limited

Notes forming part of accounts for the year ended March 31, 2021

Note 35

Employee Benefit Obligations

Fair valuation of investments in Equity and Debt instruments

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

Re-measurements of post-employment benefit obligations

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

Other Comprehensive income

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

Retirement benefit plans

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

Defined Contribution Plan

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

Defined Benefit Plans

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

2.4.3. Long Term Compensated absences

A provision for leave encashment which is a defined benefit plan is made based on actuarial valuation. Actuarial gains and losses of defined e benefit plans and long term compensated absences are recognized in the profit & loss account in the year of occurrence.

Company's liability towards gratuity (funded), other retirement benefits and compensated absences are actuarially determined at each reporting date using the projected unit credit method.

These plans typically expose the Company to actuarial risks such as: Investment risk, interest rate risk, longevity risk and salary risk.

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2021

Note 35
Employee Benefit Obligations

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

Particulars	As at March 31, 2021	As at March 31, 2020
Gratuity		
Discount Rate	6.23%	6.36%
Expected rate of salary increase	5.50%	5.50%
Attrition Rate	14.00%	14.00%
Compensated Absence Leave		
Discount Rate	6.19%	6.36%
Expected rate of salary increase	5.50%	5.50%

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

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

Particulars	As at March 31, 2021	As at March 31, 2020
Gratuity		
Current service cost	19,98,381	16,16,796
Interest expense on DBO	8,78,651	7,93,886
Interest (income) on plan assets	-8,43,149	(8,89,169)
Remeasurement on the net defined benefit liability comprising:		
Actuarial(gain)/loss arising from changes in financial assumptions	96,292	5,78,218
Changes in demographic assumptions		
Actuarial(gain)/loss arising from experience adjustments	-3,91,570	4,29,511
Actuarial(gain)/loss on plan assets		
(Return) on plan assets (excluding interest income) *	3,36,170	1,28,789
Total	20,74,775	26,58,031
Defined benefit cost included in P&L	20,33,883	15,21,513
Total remeasurements included in OCI	40,892	11,36,518

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

Particulars	As at March 31, 2021	As at March 31, 2020
Gratuity		
Present value of defined benefit obligation	1,61,80,677	1,40,31,595
Fair value of plan assets	1,42,65,749	1,27,55,341
Net liability arising from defined benefit obligation (funded)	19,14,928	12,76,254

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

Particulars	As at March 31, 2021	As at March 31, 2020
Gratuity		
Opening defined benefit obligation	1,40,31,595	1,12,87,125
Current service cost	19,98,381	16,16,796
Interest cost	8,78,651	7,93,886
Actuarial(gain)/loss arising from changes in financial assumptions	96,291	5,78,218
Actuarial(gain)/loss arising from change in demographic assumptions		
Actuarial(gain)/loss arising from experience adjustments	(3,91,570)	4,29,511
Benefits paid	(4,32,671)	(6,73,941)
Closing defined benefit obligation	1,61,80,677	1,40,31,595

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2021

Note 35

Employee Benefit Obligations

Movement in the fair value of plan assets in the current year was as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Gratuity		
b) Reconciliation of Opening and Closing balances of fair value of plan assets		
Fair value of Plan assets at beginning of the year	1,27,55,341	1,25,33,852
Expected return on plan assets	8,43,149	8,89,169
Actuarial (gain)/loss	(3,36,170)	(1,28,789)
Employer contribution	14,36,102	1,35,049
Benefits Paid	(4,32,671)	(6,73,941)
Fair value of Plan assets at Year end	1,42,65,751	1,27,55,340

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

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

Particulars	As at March 31, 2021	As at March 31, 2020
Discount Rate		
Discount rate - 0.5% basis points	5.73%	5.86%
Discount rate +0.5% basis points	6.73%	6.86%
obligation would:		
increase by'	3,82,316	3,48,117
decrease by	(3,63,646)	(3,31,068)
Escalation rate		
increase by' + 0.5% basis points	6.00%	6.00%
decrease by 0.5% basis points	5.00%	5.00%
obligation would:		
increase by'	3,41,867	3,05,651
decrease by	(3,27,922)	-2,93,109

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

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

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

Cholamandalam MS Risk Services Limited

Notes forming part of accounts for the year ended March 31, 2021

Note 36
Segment information
(a) Description of segments and principal activities

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

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

(b) Segment results

	Consulting Income		Trading Income	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Total segment result				
External sales	39,61,79,348	45,41,50,191	40,35,280	87,14,418
Unallocable Corporate Income	3,56,94,728	2,61,44,873	-	-
Total Revenue	43,18,74,076	48,02,95,064	40,35,280	87,14,418
Purchase of Stock-in-Trade		-	42,20,134	76,71,846
Employee benefits expense	25,13,83,002	23,40,85,546		
Unallocated Finance Costs	57,51,479	33,10,571		
Unallocated Other expenses	13,75,82,628	18,30,48,874		
Depreciation	1,05,77,511	46,78,396		
Profit before income tax	2,65,79,456	5,51,71,677	-1,84,854	10,42,572

(c) Segment revenue

The segment revenue is measured in the

	Consulting Income		Trading Income	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
India	31,53,42,050	35,70,01,538	40,35,280	87,14,418
Kuwait	6,80,70,765	6,46,21,891		
Others	1,27,66,533	3,25,26,762		
Total segment revenue	39,61,79,348	45,41,50,191	40,35,280	87,14,418

Disclose revenue with single customer more than 10%

Customers	Consulting Income		Trading Income	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
The Kuwait Oil Company	6,57,06,131	4,43,92,216	-	-
Bharat Heavy Electricals Limited	4,39,86,342	-		
Cholamandalam MS General Insurance Company Ltd	1,56,76,015	2,99,99,412	-	-

(d) Segment assets

Segment assets are measured in the same

Segment Name	March 31, 2021		March 31, 2020	
	Segment assets	Non current assets	Segment assets	Non current assets
Consulting	27,05,34,988	5,48,66,954	26,72,93,813	6,90,55,780
Trading			-	-
Total segment assets	27,05,34,988	5,48,66,954	26,72,93,813	6,90,55,780

Unallocated:				
Investments		16,46,309		16,46,309
Deferred tax assets		1,19,02,000	-	1,16,02,000
Current Tax		11,07,67,730	-	10,70,83,796
Total assets as per the balance sheet	27,05,34,988	17,91,82,993	26,72,93,813	18,93,87,885

* Other than deferred taxes and current taxes assets

Investments held by the company are not considered to be segment assets

Cholamandalam MS Risk Services Limited

Notes forming part of accounts for the year ended March 31, 2021

Note 36**Segment information****(e) Segment liabilities**

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

Segment Name	March 31, 2021		March 31, 2020	
	Segment liabilities	Non current liabilities	Non current liabilities	Segment liabilities
Consulting	9,44,37,932	9,06,45,193	10,08,56,072	10,52,34,713
Trading	41,99,875	-	37,81,080	33,28,561
Total segment liabilities	9,86,37,807	9,06,45,193	10,46,37,152	10,85,63,274
Total liabilities as per the balance sheet	9,86,37,807	9,06,45,193	10,46,37,152	10,85,63,274

Note 37**Corporate social responsibility (CSR)**

As per Section 135 of the Companies Act, 2013 ("the Act"), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit computed as mandated by the Act for the immediately preceding three financial years on CSR activities. The areas of CSR activities that we have chosen to spend on are the areas of protection of promoting education ; promoting healthcare including preventive healthcare. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Act. The gross amount required to be spent by the Company during the year is Rs.10,00,000/- and there was no amount unspent during the year.

Amount spent during the year on :

Particulars	In cash	Yet to be paid in cash
1. Construction /acquisition of any asset		-
2. On purposes other than (1) above	10,00,000	-

Sd/- For Brahmayya & Co. Chartered Accountants Firm Registration No.000511S	Sd/- V Suryanarayanan Director	Sd/- Sridharan Rangarajan Director
P. Babu Partner Membership No.203358	Sd/- N V Subba Rao Chief Executive	Sd/- Takashi Kishi Director
Place: Chennai Date: 27-April-2021	Sd/- M. Sundar Company Secretary	