

## DIRECTORS' REPORT TO MEMBERS

Your Board of Directors takes pleasure in presenting the Twenty Seventh Annual Report of **Cholamadam MS Risk Services Limited** ("Company") together with the audited financial statements for the year ended March 31, 2022.

### FINANCIAL HIGHLIGHTS

| Particulars                         | (Rs.in million)           |                           |
|-------------------------------------|---------------------------|---------------------------|
|                                     | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Income                              | 596.85                    | 435.91                    |
| Expenses                            | 525.39                    | 409.51                    |
| <b>Profit Before Tax</b>            | <b>71.46</b>              | <b>26.39</b>              |
| Profit After Tax                    | 53.19                     | 19.48                     |
| Other Comprehensive income / (loss) | 0.03                      | 0.03                      |
| <b>Total Comprehensive Income</b>   | <b>53.17</b>              | <b>19.45</b>              |
| Add: Balance b/f from Previous Year | 130.43                    | 123.48                    |
| <b>Total</b>                        | <b>183.60</b>             | <b>142.93</b>             |
| Dividend-Equity                     | 2.50                      | 1.25                      |
| Transfer to Retained Earnings       | 50.00                     | 10.00                     |
| Profit carried to Balance Sheet     | 131.10                    | 130.43                    |

### OPERATIONS

The Company registered revenues of Rs 596.85 million (Rs. 435.91 million in the previous year) and profit before tax at Rs 71.46 million (Rs. 26.39 million during the last year).

The Company registered its best ever topline with a 40% topline growth as compared to the previous FY. Although Q1 was affected by the 2<sup>nd</sup> wave of COVID, all divisions ramped up in the subsequent quarters and met the business targets set for FY 2021-22. The Company has further strengthened its order book during the year with new order addition of 570 million.

During the year, the Business continued to extend digitalization in its offerings by adding Virtual DMC v.02, Gamification in PSM Studies, introducing "SHE Genie" for Construction safety application and automating checklist-based audit reports. The launch of Scaffolding inspector training in collaboration with STI Texas was another key milestone achieved during the year.



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( An ISO 9001 : 2015 Certified Company )  
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[www.cholarisk.com](http://www.cholarisk.com)

PAN No. : AABCC6610Q

CIN : U74140TN1994PLC029257 / GSTIN : 33AABCC6610Q1ZL



The Company has expanded its presence to around 54 locations across the country including resources deployed at various client project sites. Around 115 construction safety professionals & 70 logistics safety specialists are deployed at different locations for various corporates sites. More than 350 assignments in Process safety, 150+ in electrical and 75+ in environment were carried out successfully during the FY 2021-22.

During the year, the business entered into an agency agreement with M/s Numero Uno Training and Consulting LLC of Abu Dhabi as part of the expansion plan to UAE region. The Strategic Alliance Partnerships with Inogen continues, and a few new Tech Clients were added. The Company strengthened its association with BP Consultancy Co. WLL as our local agent in Kuwait.

The Company collaborated with Cholamandalam MS General Insurance Company Limited and its clients through value-added services like Thermography, Safety Audits, and Cargo Loss Minimizations Studies.

The Company is backed by a strong technical team of multidisciplinary and certified professionals having exposure to domestic and international markets.

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

During the year, the Company has contributed to CSR initiative/project by undertaking the cost of poison centres specialists of Christian Medical College, Vellore.

As the Company is entering 28<sup>th</sup> year of service, as a commemoration, Company is constituting and sponsoring an award titled – “Chola MS Risk Services Process Safety and Sustainability Award” for IIT Madras Process Safety and Sustainability students.

### **Outlook for 2022-23**

The Company starts the new FY 2022-23 with a strong open order book of 410 million.

Business is looking forward to increase the existing client base with a focused marketing & branding strategy in domestic market. The key initiatives planned include participating in standards formulation, participating in National seminars/Industrial trade events and meeting all the key clients' top management as part of the Silver Jubilee celebration campaign.



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A structural and future focused competency building program is being rolled out across all verticals. Key Initiatives highlighted in the business plan in the form of new services, focusing emerging sectors and strengthening execution excellence will be implemented in a planned manner.

### **DIVIDEND AND RESERVES**

Your Directors are pleased to recommend a dividend of Rs. 2.50/- per equity share of Rs.10/- each resulting in a payment of Rs. 5 million towards dividend for the FY 2021-22.

Your Directors propose to transfer an amount of Rs. 5 Crore to reserves for financial year 2021-22.

### **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. Takashi Kishi (DIN: 08381603) was re-appointed as Director who was liable to retire by rotation by the shareholders at the Twenty Sixth Annual General Meeting (AGM) of the Company held on July 29, 2021.

Mr. Takashi Kishi and Mr. Akihiko Ikeno resigned from their offices of Director with effect from closing of business hours on March 31, 2022.

Mr. Naoki Takeda (DIN-09524037) and Mr. Tsutomu Aoki (DIN-09568125) were appointed as an Additional Directors by the Board on March 18, 2022 and April 27, 2022 with effect from April 1, 2022 and April 27, 2022 respectively.

The Board places on record its deep appreciation and gratitude to Mr. Takashi Kishi and Mr. Akihiko Ikeno for their guidance and valuable contributions to the Company during their tenure.

Mr. V Suryanarayanan (DIN-01416824) 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. Naoki Takeda and Mr. Tsutomu Aoki as an Additional Directors will expire at the conclusion of the ensuing Annual General Meeting (AGM). Your directors recommend their appointment as Directors in the AGM.



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## KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel's of the Company as on March 31, 2022 are:

- 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: April 27, 2021, July 29, 2021, October 25, 2021, January 19, 2022 and March 18, 2022. The intervening gap between meetings did not exceed 120 days.

## STATUTORY AUDITORS

The shareholders, at the 26<sup>th</sup> Annual General Meeting held on July 29, 2021, had re-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 sixth annual general meeting till the conclusion of Thirty First annual general meeting. 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 officers or employees.

## RELATED PARTY TRANSACTIONS

During the financial year ended March 31, 2022, 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.



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### **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.

### **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                     |                             |  |                             |
|---------------------------------|-----------------------------|--|-----------------------------|
| <b>Description</b>              | <b>As on<br/>31.03.2021</b> | <b>Movement (Net<br/>of Deletions)</b> | <b>As on<br/>31.03.2022</b> |
| 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



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activities have been undertaken by the Company during the year under review in accordance with the CSR Policy.

The CSR Policy is available in the website of the Company at <https://www.cholarisk.com/assets/doc/Chola-Risk-CSR-Policy.pdf>

The Company earmarked an amount of Rs. 8,76,000 towards CSR spend, and Rs.8,76,000 was spent towards CSR activities as approved by the Board.

The details of the CSR activities undertaken by the Company during FY 2021-22 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, 2021, 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, 2021, in form MGT 7 is available on the website at <https://www.cholarisk.com/assets/doc/Draft%20Annual%20Return%202020-21.pdf>

The draft annual return of the Company for the financial year ended March 31, 2022 in form MGT 7 is available on the website at [https://www.cholarisk.com/public\\_disclosure.php](https://www.cholarisk.com/public_disclosure.php)



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## **PARTICULARS OF EMPLOYEES**

The Company had 291 employees as on March 31, 2022. 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.

## **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, 2022 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, 2022 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



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hence not furnished. The foreign exchange earnings and outgo during the year was at Rs.97.15 million and Rs.50.96 million respectively.

#### **APPLICATION/PROCEEDING PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016**

During the year under preview, 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**

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**

**Date: April 27, 2022**  
**Place: Chennai**

**Sd/-**  
**Sridharan Rangarajan**  
**Director**

**Sd/-**  
**V Suryanarayanan**  
**Director**



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**CHOLAMANDALAM MS RISK SERVICES LIMITED****ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT FOR FINANCIAL YEAR ENDED MARCH 31, 2022**

## 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 |
|---------|------------------|--------------------------------------|--|--|
| N.A.    |                  |                                      |  |  |

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 <https://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       | NIL            | NIL   | NIL  |
|         | <b>Total</b>   | <b>NIL</b>  | <b>NIL</b>   |

6. Average net profit of the company as per section 135(5) : 438.11 Lakhs
7. (a) Two percent of average net profit of the company as per section 135(5) : Rs. 8.76 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. 8.76 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. |
| <b>8,76,000</b>                                     | -  | -                 | -  | -       | -                 |

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

| (1)     | (2)                  | (3)  | (4)                  | (5)                      |          | (6)               | (7)  | (8)  | (9)   | (10)                                      | (11)   |                          |
|---------|----------------------|--|----------------------|--------------------------|----------|-------------------|--|--|---|---|--|--------------------------|
| 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. |          | Project duration. | Amount allocated for the project (in Rs.). | Amount spent in the current financial Year (in Rs.). | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.). | Mode of Implementation - Direct (Yes/No). | Mode of Implementation - Through Implementing Agency |                          |
|         |                      |  |                      | State                    | District |                   |  |  |   |   | Name   | CSR Registration number. |
|         | <b>Total</b>         | -  | -                    | -                        | -        | -                 | -  | -  | -   | -   | -  | -                        |

(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 towards provision of Anesthesia Workstation at AMM Arunachalam Hospital, Nellikuppam, TN.           | Promoting Healthcare  | Yes                 | Tamil Nadu               | Cuddalore | 4,38,000                              | No                                       | AMM Foundation, Chennai                              | CSR00000050             |
| 2       | Contribution towards cost of specialist at CMC Poisons Information Center, Vellore, TN from Sep 2021 to Mar 2022 | Promoting Healthcare  | Yes                 | Tamil Nadu               | Vellore   | 4,38,000                              | No                                       | The Christian Medical College Vellore Association    | CSR00001924             |
|         | <b>Total</b>   |   |                     |                          |           | <b>8,76,000</b>                       |  |  |                         |

(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. 8,76,000/-

(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)                                      | 8,76,000        |
| (ii)    | Total amount spent for the Financial Year   | 8,76,000        |
| (iii)   | Excess amount spent for the financial year [(ii)-(i)]   | NIL             |
| (iv)    | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL             |
| (v)     | Amount available for set off in succeeding financial years [(iii)-(iv)]                                     | NIL             |

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

| 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 |  |
|         | <b>TOTAL</b>             | 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 |
|  | <b>TOTAL</b> | 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/-**  
**Sridharan Rangarajan**  
**Director**

**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, 2022, 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, 2022, 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.

**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><b>Contingent Liabilities:</b></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, 2022 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"> <li>• We have reviewed the details of pending tax demands as at 31st March, 2022.</li> <li>• We have involved our internal experts to consider legal precedence and other rulings in evaluating the Management's position on these uncertain tax positions.</li> <li>• We have also reviewed Company's correspondence with tax authorities, legal counsels, grounds of appeal filed with appellate authorities.</li> </ul> |

#### **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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.



- f) With respect to the adequacy of the internal financial controls over financial reporting 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.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (c) Based on such audit procedures that the auditor has considered reasonable and appropriate in the circumstances, nothing has come to their notice that has





caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement

- v. The final dividend declared and paid by the Company during the year in respect of the previous financial year is in accordance with section 123 of the Act 2013 to the extent it applies to payment of dividend.

The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act to the extent it applies.

2. As required by the Companies (Auditor's Report) Order, 2020 ("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: 27<sup>th</sup> April, 2022

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



P. Babu

P. Babu  
Partner

Membership No. 203358

UDIN: 22203358AJKEGQ6509

**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 31<sup>st</sup> March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The 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 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Chennai

Date: 27<sup>th</sup> April, 2022



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

P. Babu  
Partner

Membership No. 203358  
UDIN: 22203358AJKEGQ6509

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

1. a) (i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment (including right of use assets).  
  
(ii) The company is maintaining proper records showing full particulars of Intangible assets.  
  
b) Property, Plant and Equipment (including right of use 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 Property, Plant and Equipment. 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.  
  
d) The company has not revalued its PPE (including right of use assets) or intangible assets or both during the year.  
  
e) No proceedings have been initiated during the year or are pending against the company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
2. a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.  
  
b) The Company has not been sanctioned working capital limits in excess of Rs.5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
3. Based on our examination of records and according to the information and explanations given to us, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, in respect of which:  
  
a) The Company has not made any investment and not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under clause 3(iii)(a) to 3(iii)(f) of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, the Company has not granted any loan to its directors, covered under Section 185 of Companies Act, 2013. Section 186 of the Companies Act, 2013 is not applicable to the company for the year.



5. In our Opinion and according to the information and explanations given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
6. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.
7. a) The Company is regular in depositing undisputed statutory dues including goods and service tax, provident fund, employees' state insurance, income tax, and other statutory dues applicable to it during the year with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of these statutory dues outstanding as at March 31, 2022 for a period of more than six months from the date they became payable.

b) 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. 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) |

8. According to the information and explanation given to us, the company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961, as income during the year. Accordingly, reporting under clause 3(viii) of the order does not arise.
9. The Company does not have any borrowings from Banks, financial institutions, Government or by issue of debentures. Hence, reporting under clauses (a) to (f) sub clause (ix) of paragraph 3 of the Order is not applicable to the Company for the year.
10. a) In our opinion and according to the information and explanations given to us, the Company has neither raised during the year any money by way of initial public offer or further public offer (including debt instruments). Accordingly, reporting under clause 3(x)(a) of the order does not arise.
- b) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares/ fully or partly or optionally convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the order does not arise.



11. a) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or no fraud on the Company has been noticed or reported during the course of our audit.  
  
b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.  
  
c) As represented to us by the Management, there are no whistle blower complaints received by the Company during the year.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company as per provisions of the Companies Act, 2013. Accordingly, reporting under clause 3(xii)(a), (b), (c) of the Order does not arise.
13. Based on our examination of the records of the Company and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
14. a) Based on our examination and in our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.  
  
b) We have considered the internal audit reports of the company issued during the year April 01, 2021 to March 31, 2022.
15. Based on our examination of the records of the Company and according to the information and explanations given to us during the year, the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company. Accordingly, reporting under clause 3(xv) of the order does not arise.
16. a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.  
  
b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
17. The Company has not incurred cash losses during the current year covered by our audit and the immediately preceding financial year.
18. There has been no resignation of the statutory auditors of the Company during the year. Accordingly reporting under clause 3(xviii) of the order does not arise.




19. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
20. a) There is no unspent amount towards Corporate Social Responsibility (CSR) projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

Place: Chennai

Date: 27<sup>th</sup> April, 2022




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

  
P. Babu  
Partner  
Membership No. 203358  
UDIN:22203358AJKEGQ6509



**Cholamandalam MS Risk Services Limited**  
**Balance Sheet as at March 31, 2022**

|  | Particulars   | Note No.                                  | As at March 31,<br>2022<br>Rs. | As at March 31,<br>2021<br>Rs. |
|--|---|---|--------------------------------|--------------------------------|
| <b>I. ASSETS</b>   |   |   |                                |                                |
|  | <b>Non-current assets</b>                               |   |                                |                                |
|  | Property, plant and equipment                           | 3   | 1,12,60,280                    | 71,85,689                      |
|  | Right-of-use assets                                     | 3   | 2,21,64,957                    | 2,29,96,808                    |
|  | Intangible assets under development                     | 3   | 7,00,000                       | -                              |
|  | Intangible assets                                       | 3   | 57,63,376                      | 36,71,712                      |
|  | Financial assets  |   |                                |                                |
|  | (i) Investments   | 4   | 16,46,309                      | 16,46,309                      |
|  | (ii) Bank Balances other than Cash and cash equivalents | 5   | 93,00,000                      | 1,84,81,685                    |
|  | Deferred Tax assets (Net)                               | 7   | 97,46,000                      | 1,19,02,000                    |
|  | Current Tax Assets(Net)                                 | 8   | 9,53,19,265                    | 11,07,67,730                   |
|  | Other non- current Assets                               | 9   | 10,87,335                      | 25,31,061                      |
|  | <b>Total non-current assets</b>                         |   | <b>15,69,87,522</b>            | <b>17,91,82,994</b>            |
|  | <b>Current assets</b>                                   |   |                                |                                |
|  | Financial assets  |   |                                |                                |
|  | (i) Investments in Mutual Funds                         | 4   | 1,00,75,075                    | -                              |
|  | (ii)Trade receivables                                   | 10  | 18,15,66,883                   | 14,84,59,475                   |
|  | (iii)Cash and Bank Balances                             | 11  | 5,80,30,253                    | 7,19,99,441                    |
|  | (iv)Bank Balances other than (ii) above                 | 12  | 5,59,10,000                    | 75,92,602                      |
|  | (v)Loans  | 13  | 2,62,53,895                    | 1,66,15,418                    |
|  | (vi)Others  | 14  | 1,80,06,294                    | 2,14,95,767                    |
|  | Other Current Assets                                    | 15  | 73,92,032                      | 43,72,285                      |
|  | <b>Total current assets</b>                             |   | <b>35,72,34,432</b>            | <b>27,05,34,988</b>            |
|  | <b>Total Assets</b>                                     |   | <b>51,42,21,954</b>            | <b>44,97,17,982</b>            |
| <b>II. EQUITY AND LIABILITIES</b>  |   |   |                                |                                |
|  | <b>Equity</b>   |   |                                |                                |
|  | Equity share capital                                    | 16  | 2,00,00,000                    | 2,00,00,000                    |
|  | Other equity  | 17  | 29,11,03,955                   | 24,04,34,982                   |
|  | <b>Non Current</b>                                      |   |                                |                                |
|  | Financial liabilities                                   |   |                                |                                |
|  | (i) Lease liabilities                                   | 18  | 1,55,14,350                    | 1,80,40,271                    |
|  | (ii) Other financial liabilities                        | 19  | 3,50,02,089                    | 5,89,75,574                    |
|  | Employee benefit obligation                             | 21  | 1,15,68,271                    | 1,36,29,348                    |
|  | <b>Total non-current liabilities</b>                    |   | <b>37,31,88,665</b>            | <b>35,10,80,175</b>            |
|  | <b>Liabilities</b>                                      |   |                                |                                |
|  | <b>Current liabilities</b>                              |   |                                |                                |
|  | Financial liabilities                                   |   |                                |                                |
|  | (i) Trade payables                                      | 20  | 4,25,39,519                    | 2,20,57,836                    |
|  | (ii) Lease liabilities                                  | 18  | 75,92,471                      | 51,25,257                      |
|  | (iii) Other financial liabilities                       | 19  | 3,08,54,085                    | 2,04,50,755                    |
|  | Employee benefit obligation                             | 21  | 4,51,18,946                    | 3,33,86,374                    |
|  | Other current liabilities                               | 22  | 1,49,28,268                    | 1,76,17,585                    |
|  | <b>Total current liabilities</b>                        |   | <b>14,10,33,289</b>            | <b>9,86,37,807</b>             |
|  | <b>Total equity and liabilities</b>                     |   | <b>51,42,21,954</b>            | <b>44,97,17,982</b>            |
|  | <b>Summary of Significant accounting Policies</b>       | 2   |                                |                                |
| <p>The notes referred to above form an integral part of the Financial statements<br/> This is the Balance Sheet referred to in our report of even date</p> |   |   |                                |                                |
| <p>For Brahmaya &amp; Co.<br/> Chartered Accountants<br/> Firm Registration No.0005145</p>   |   | <p>V Suryanarayanan<br/> Director</p>     |                                |                                |
| <p>P. Babu<br/> Partner<br/> Membership No.203358</p>  |   | <p>Sridharan Rangarajan<br/> Director</p> |                                |                                |
|   |   | <p>N V Subba Rao<br/> Chief Executive</p> |                                |                                |
| <p>Place: Chennai<br/> Date: 27-April-2022</p>   |   | <p>Naoki Takeda<br/> Director</p>         |                                |                                |
|  |   | <p>M. Sundar<br/> Company Secretary</p>   |                                |                                |



| <b>Cholamandalam MS Risk Services Limited</b>   |   |                                  |  |  |
|---|---|----------------------------------|--|--|
| <b>Statement of Profit and loss for the year ended March 31, 2022</b>   |   |                                  |  |  |
|   | <b>Particulars</b>  | <b>Note No.</b>                  | <b>For the Year Ended<br/>March 31, 2022<br/>Rs.</b> | <b>For the Year Ended<br/>March 31, 2021<br/>Rs.</b> |
| I.  | Revenue from operations   | 23                               | 56,88,09,103   | 40,02,14,628   |
| II.   | Other income  | 24                               | 2,80,43,096  | 3,56,94,728  |
| <b>III.</b>   | <b>Total Income (I + II)</b>  |                                  | <b>59,68,52,199</b>                                  | <b>43,59,09,356</b>                                  |
| IV.   | <b>Expenses:</b>  |                                  |  |  |
|   | Purchase of Stock in Trade  |                                  | 26,19,184  | 42,20,134  |
|   | Employee benefits expense   | 25                               | 29,90,08,722   | 25,13,83,002   |
|   | Finance costs   | 26                               | 37,06,326  | 57,51,479  |
|   | Depreciation and amortization expense   | 3                                | 1,27,59,125  | 1,05,77,511  |
|   | Other expenses  | 27                               | 20,72,99,321   | 13,75,82,628   |
|   | <b>Total expenses</b>   |                                  | <b>52,53,92,678</b>                                  | <b>40,95,14,754</b>                                  |
| V.  | Profit before exceptional and extraordinary items and tax (III-IV)                |                                  | <b>7,14,59,521</b>                                   | <b>2,63,94,602</b>                                   |
| VI.   | Exceptional items   |                                  |  |  |
| VII.  | Profit before extraordinary items and tax (V - VI)                                |                                  | <b>7,14,59,521</b>                                   | <b>2,63,94,602</b>                                   |
| VIII.   | Extraordinary Items   |                                  |  |  |
| IX.   | Profit before tax (VII- VIII)   |                                  | <b>7,14,59,521</b>                                   | <b>2,63,94,602</b>                                   |
| X   | Tax expense:  |                                  |  |  |
|   | (1) Current tax   | 6                                | 1,61,08,695  | 72,10,292  |
|   | (2) Tax - Earlier years   |                                  |  |  |
|   | (3) Deferred tax (Net)  | 7                                | 21,56,000  | (3,00,000)   |
| <b>XI</b>   | <b>Profit for the Year from continuing operations (IX-X)</b>                      |                                  | <b>5,31,94,826</b>                                   | <b>1,94,84,310</b>                                   |
| XII   | Profit from discontinuing operations  |                                  | -  | -  |
| XIII  | Tax expense of discontinuing operations   |                                  | -  | -  |
| <b>XIV</b>  | <b>Profit from Discontinuing operations (after tax) (XII-XIII)</b>                |                                  | <b>-</b>   | <b>-</b>   |
| <b>XV</b>   | <b>Profit for the period (XI + XIV)</b>   |                                  | <b>5,31,94,826</b>                                   | <b>1,94,84,310</b>                                   |
| <b>XVI</b>  | <b>Other Comprehensive Income</b>   |                                  |  |  |
|   | A (i) Items that will not be reclassified to profit or loss                       |                                  |  |  |
|   | Actuarial (Gain)/Loss   |                                  | 34,548   | 40,892   |
|   | (ii) Income tax relating to items that will not be reclassified to profit or loss |                                  | (8,695)  | (10,292)   |
|   | 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     |                                  |  |  |
|   | <b>Total Comprehensive Income for the year</b>                                    |                                  | <b>5,31,68,973</b>                                   | <b>1,94,53,710</b>                                   |
| XVI   | Earnings per equity share: (in Rs.)   |                                  |  |  |
|   | <b>A. For Continuing Operations</b>   |                                  |  |  |
|   | (1) Basic & Diluted   | 28                               | 26.58  | 9.74   |
|   | <b>B. For Discontinuing Operations</b>  |                                  |  |  |
|   | (1) Basic & Diluted   |                                  |  |  |
|   | <b>C. For Discontinued &amp; Continuing Operations</b>                            |                                  |  |  |
|   | (1) Basic & Diluted   |                                  | 26.58  | 9.74   |
| <b>Summary of Significant accounting Policies</b>   |   | <b>2</b>                         |  |  |
| The notes referred to above form an integral part of the Financial statements<br>This is the Statement of Profit & Loss referred to in our report of even date: |   |                                  |  |  |
| For Brahmayya & Co.<br>Chartered Accountants<br>Firm Registration No.000511S  |   | V Suryanarayanan<br>Director     | Sridharan Rangarajan<br>Director                     |  |
| P. Babu<br>Partner<br>Membership No.203358  |   | N V Subba Rao<br>Chief Executive | Naoki Takeda<br>Director                             |  |
| Place: Chennai<br>Date: 27-April-2022   |   | M. Sundar<br>Company Secretary   |  |  |

**Cholamandalam MS Risk Services Limited**  
**Statement of changes in equity as at March 31, 2022**

**I) Equity Share Capital**

|   | Amounts            |
|---|--------------------|
| Balance as at April 1, 2020                                       | 2,00,00,000        |
| Changes in Equity Share Capital due to prior period errors        | -                  |
| Changes in equity share capital during the year                   | -                  |
| Restated balance at the beginning of the current reporting period | 2,00,00,000        |
| <b>Balance as at March 31, 2021</b>                               | <b>2,00,00,000</b> |
| <hr/>   |                    |
| Changes in equity share capital during the current year           | -                  |
| <b>Balance as at March 31, 2022</b>                               | <b>2,00,00,000</b> |

**II) Other equity**

|   | General reserve     | Retained earnings   | Actuarial Gain/(Loss) on Gratuity plan | Total               |
|---|---------------------|---------------------|--|---------------------|
| <b>Balance as at April 1, 2020</b>                                    | <b>10,00,00,000</b> | <b>12,34,81,272</b> | -                                      | <b>22,34,81,272</b> |
| Profit for the period   |                     | 1,94,84,310         |  | 1,94,84,310         |
| Other comprehensive income  |                     |                     | (30,600)                               | (30,600)            |
| Changes in accounting policy or prior period errors                   |                     |                     |  |                     |
| <b>Total Comprehensive Income</b>                                     | <b>10,00,00,000</b> | <b>14,29,65,582</b> | <b>(30,600)</b>                        | <b>24,29,34,982</b> |
| 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)         |
| <b>Balance as at March 31, 2021</b>                                   | <b>11,00,00,000</b> | <b>13,04,34,982</b> | -                                      | <b>24,04,34,982</b> |
| Profit for the period   |                     | 5,31,94,826         |  | 5,31,94,826         |
| Other comprehensive income  |                     |                     | (25,853)                               | (25,853)            |
| Changes in accounting policy or prior period errors                   |                     |                     |  |                     |
| <b>Total Comprehensive Income</b>                                     | <b>11,00,00,000</b> | <b>18,36,29,808</b> | <b>(25,853)</b>                        | <b>29,36,03,955</b> |
| Transfer to Retained Earnings   | 5,00,00,000         | (5,00,00,000)       | 25,853                                 | 25,853              |
| Transfer From Retained Earnings                                       |                     |                     |  |                     |
| Transfer from Actuarial Gains/Loss on Gratuity plan                   |                     | (25,853)            |  | (25,853)            |
| Less : Dividend @Rs.1.25 per share                                    |                     | (25,00,000)         |  | (25,00,000)         |
| <b>Balance as at March 31, 2022</b>                                   | <b>16,00,00,000</b> | <b>13,11,03,955</b> | -                                      | <b>29,11,03,955</b> |

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

For Brahmayya & Co.  
Chartered Accountants

Firm Registration No.000511S

P. Babu  
Partner  
Membership No.203358



V Suryanarayanan  
Director

N V Subba Rao  
Chief Executive

M. Sundar  
Company Secretary

Sridharan Rangarajan  
Director

Naoki Takeda  
Director

Place: Chennai  
Date: 27-April-2022

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**Cholamandalam MS Risk Services Limited**  
**Statement of Cash Flow for the year ended March 31, 2022**

| Particulars   | For the Year Ended<br>March 31, 2022<br>Rs. | For the Year Ended<br>March 31, 2021<br>Rs. |
|---|---|---|
| <b>A. Cash Flow from Operating Activities</b>             |   |   |
| <b>Profit before Taxation</b>                             | <b>7,14,59,521</b>                          | <b>2,63,94,602</b>                          |
| Non- cash adjustments and Non-Operating Items :           |   |   |
| Provision for Bad & Doubtful debts/ Advances              | 47,53,824                                   | 1,67,11,451                                 |
| Depreciation and Amortisation                             | 1,27,59,125                                 | 1,05,77,511                                 |
| Provision no longer required written back                 | (1,62,68,502)                               | (1,93,36,484)                               |
| Profit on Sale of Investment                              | (75,075)                                    | -   |
| Interest income   | (30,69,115)                                 | (34,18,039)                                 |
| (Profit)/Loss on Sale of Fixed Asset                      | 41,341                                      | 37,947                                      |
| Finance Cost  | 37,06,326                                   | 57,51,479                                   |
| Actuarial Gain/(loss)                                     | (25,853)                                    | (30,600)                                    |
| Unrealised (Gain)/loss                                    | (1,14,040)                                  | (2,48,420)                                  |
| <b>Operating Profit before working capital changes</b>    | <b>7,31,67,552</b>                          | <b>3,64,39,447</b>                          |
| <b>Changes in Working Capital :</b>                       |   |   |
| Increase/(Decrease) in Short term Borrowings              | -   | -   |
| Increase/(Decrease) in Long term employee benefits        | (20,61,077)                                 | 16,22,843                                   |
| Increase/(Decrease) in Short term employee benefits       | 1,17,32,572                                 | 89,29,320                                   |
| Increase/(Decrease) in Trade Payables                     | 2,04,81,683                                 | (3,22,08,254)                               |
| Increase/(Decrease) in Financial Liabilities              | (1,35,70,155)                               | (32,65,390)                                 |
| Increase/(Decrease) in Other Current Liabilities          | (26,89,317)                                 | 24,90,403                                   |
| (Increase)/Decrease in Trade Receivables                  | (2,14,78,689)                               | 2,58,68,460                                 |
| (Increase)/Decrease in Short term Loans & Advances        | (96,38,477)                                 | 91,06,544                                   |
| (Increase)/Decrease in Long term Loans & Advances         | -   | -   |
| (Increase)/Decrease in other Financial assets             | 34,89,473                                   | 60,22,495                                   |
| (Increase)/Decrease in other Current/Non -Current Assets  | (15,76,021)                                 | 8,48,469                                    |
| <b>Total Changes in Working Capital</b>                   | <b>(1,53,10,008)</b>                        | <b>1,94,14,890</b>                          |
| <b>Cash Generated from Operations</b>                     | <b>5,78,57,544</b>                          | <b>5,58,54,337</b>                          |
| Less : Taxes Paid   | (6,60,230)                                  | (1,08,94,224)                               |
| <b>Net cash generated from operating activities</b>       | <b>5,71,97,314</b>                          | <b>4,49,60,113</b>                          |
| <b>B. Cash flow from Investing Activities</b>             |   |   |
| Proceeds from sale of Fixed Assets                        | -   | 5,36,230                                    |
| Purchase of Fixed Assets                                  | (1,32,49,899)                               | (69,38,985)                                 |
| Purchase of Non Current- Investment                       | -   | -   |
| Purchase of Current Investment                            | (1,00,75,075)                               | -   |
| Proceeds from sale of Current Investment                  | -   | -   |
| Fixed Deposit   | (3,91,35,713)                               | 2,74,51,027                                 |
| Income from Interest on Fixed Deposits                    | 30,69,115                                   | 34,18,039                                   |
| <b>Net Cash flow from Investing Activities</b>            | <b>(5,93,91,572)</b>                        | <b>2,44,66,311</b>                          |
| <b>C. Cash flow from Financing Activities</b>             |   |   |
| Repayment of Lease liability                              | (55,68,604)                                 | (44,59,408)                                 |
| Dividends Paid  | (25,00,000)                                 | (25,00,000)                                 |
| Dividend Distribution Tax                                 | -   | -   |
| Proceeds from Short term borrowings                       | -   | -   |
| Repayment of Short term borrowings                        | -   | -   |
| Finance Cost  | (37,06,326)                                 | (57,51,479)                                 |
| <b>Net Cash flow (used)/ from Financing Activities</b>    | <b>(1,17,74,930)</b>                        | <b>(1,27,10,887)</b>                        |
| <b>Net Increase/Decrease in Cash and Cash equivalents</b> | <b>(1,39,69,187)</b>                        | <b>5,67,15,538</b>                          |
| Cash and Cash equivalents at the beginning of the year    | 7,19,99,440                                 | 1,52,83,903                                 |
| Cash and Cash equivalents at the end of the year          | 5,80,30,253                                 | 7,19,99,441                                 |
| <b>Components of Cash &amp; Cash equivalents</b>          |   |   |
| Cash on hand  | 26,342                                      | 4,775                                       |
| with bank - On Current account                            | 86,24,203                                   | 1,57,80,486                                 |
| - On Deposits account                                     | 4,93,79,708                                 | 5,62,14,180                                 |
| <b>Total Cash &amp; Cash equivalents</b>                  | <b>5,80,30,253</b>                          | <b>7,19,99,441</b>                          |

This is the Statement of Cash Flow referred to in our report of even date

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

P. Babu  
Partner  
Membership No.203358



V Suryanarayanan  
Director

Sridharan Rangarajan  
Director

N V Subba Rao  
Chief Executive

Naoki Takeda  
Director

Place: Chennai  
Date: 27-April-2022

M. Sundar  
Company Secretary

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## 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 2022. 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, 2022 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 34).

## 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 37



Note 3

(A) Property, plant and equipment for the Year ended March 31, 2022

| DESCRIPTION              | GROSS BLOCK        |                  |                           |                    | DEPRECIATION       |  |                           |                    | NET BLOCK          |                  |
|--------------------------|--------------------|------------------|---------------------------|--------------------|--------------------|--|---------------------------|--------------------|--------------------|------------------|
|                          | As at              | Additions*       | Deletions/<br>Adjustments | As at              | As at              | Provided for<br>the year ended<br>March 2022 | Deletions/<br>Adjustments | Up to              | As at              |                  |
|                          | April 1, 2021      |                  |                           | March 31, 2022     | April 1, 2021      |  |                           | March 31, 2022     | March 31, 2022     | March 31, 2021   |
| <b>Owned Assets</b>      |                    |                  |                           |                    |                    |  |                           |                    |                    |                  |
| 1 Plant and Machinery    | 14,74,309          | 14,12,074        |                           | 28,86,283          | 11,24,973          | 2,91,809                                     |                           | 14,16,782          | 14,69,501          | 3,49,236         |
| 2 Furniture and Fixtures | 1,45,684           |                  |                           | 1,45,684           | 1,45,683           |  |                           | 1,45,683           | 1                  | 1                |
| 3 Vehicles               | 46,23,490          | 13,92,119        |                           | 60,15,609          | 34,87,891          | 7,59,900                                     |                           | 42,47,791          | 17,67,818          | 11,35,599        |
| 4 Office Equipment       | 32,27,513          | 12,48,814        |                           | 44,76,327          | 11,65,187          | 7,52,687                                     |                           | 19,17,874          | 25,58,453          | 20,62,326        |
| 5 Electrical & Fittings  | 3,12,411           | 2,68,550         |                           | 5,80,961           | 2,73,275           | 81,807                                       |                           | 3,55,082           | 2,25,879           | 39,136           |
| 6 Computers              | 83,68,147          | 43,40,202        | 53,842                    | 1,26,54,507        | 47,68,756          | 26,59,522                                    | 12,499                    | 74,15,879          | 52,38,628          | 35,99,391        |
| <b>TOTAL</b>             | <b>1,81,51,484</b> | <b>86,61,759</b> | <b>53,842</b>             | <b>2,67,59,371</b> | <b>1,09,65,765</b> | <b>45,45,824</b>                             | <b>12,499</b>             | <b>1,54,99,091</b> | <b>1,12,60,280</b> | <b>71,85,690</b> |

(B) Right of use assets for the Year ended March 31, 2022

| DESCRIPTION           | GROSS BLOCK        |                  |                           |                    | DEPRECIATION     |  |                           |                    | NET BLOCK          |                    |
|-----------------------|--------------------|------------------|---------------------------|--------------------|------------------|--|---------------------------|--------------------|--------------------|--------------------|
|                       | As at              | Additions*       | Deletions/<br>Adjustments | As at              | As at            | Provided for<br>the year ended<br>March 2022 | Deletions/<br>Adjustments | Up to              | As at              |                    |
|                       | April 1, 2021      |                  |                           | March 31, 2022     | April 1, 2021    |  |                           | March 31, 2022     | March 31, 2022     | March 31, 2021     |
| 1 Buildings           | 2,59,38,863        | 56,38,816        |                           | 3,15,77,679        | 54,94,576        | 56,96,482                                    |                           | 1,11,91,038        | 2,03,86,641        | 2,04,44,287        |
| 2 Plant and Machinery | 30,47,024          |                  |                           | 30,47,024          | 4,94,503         | 7,74,205                                     |                           | 12,68,708          | 17,78,316          | 25,52,521          |
| <b>Total</b>          | <b>2,89,85,887</b> | <b>56,38,816</b> | <b>-</b>                  | <b>3,46,24,703</b> | <b>59,89,079</b> | <b>64,70,687</b>                             | <b>-</b>                  | <b>1,24,59,746</b> | <b>2,21,64,957</b> | <b>2,29,96,808</b> |

(C) Intangible assets for the Year ended March 31, 2022

| DESCRIPTION        | GROSS BLOCK        |                    |                           |                    | AMORTIZATION       |  |                           |                    | NET BLOCK          |                    |
|--------------------|--------------------|--------------------|---------------------------|--------------------|--------------------|--|---------------------------|--------------------|--------------------|--------------------|
|                    | As at              | Additions*         | Deletions/<br>Adjustments | As at              | As at              | Provided for<br>the year ended<br>March 2022 | Deletions/<br>Adjustments | Up to              | As at              |                    |
|                    | April 1, 2021      |                    |                           | March 31, 2022     | April 1, 2021      |  |                           | March 31, 2022     | March 31, 2022     | March 31, 2021     |
| 1 Software         | 90,23,660          | 38,34,298          | -                         | 1,28,57,958        | 53,51,949          | 17,42,634                                    | -                         | 70,94,583          | 57,63,376          | 36,71,712          |
| <b>TOTAL</b>       | <b>90,23,660</b>   | <b>38,34,298</b>   | <b>-</b>                  | <b>1,28,57,958</b> | <b>53,51,949</b>   | <b>17,42,634</b>                             | <b>-</b>                  | <b>70,94,583</b>   | <b>57,63,376</b>   | <b>36,71,712</b>   |
| <b>Grand Total</b> | <b>5,61,61,001</b> | <b>1,81,34,873</b> | <b>53,842</b>             | <b>7,42,42,032</b> | <b>2,23,06,793</b> | <b>1,27,59,125</b>                           | <b>12,499</b>             | <b>3,50,53,419</b> | <b>3,91,88,613</b> | <b>3,38,54,209</b> |

Figures in Rs.

(D) Intangible assets under development for the Year ended March 31, 2022

Figures in Rs.

| DESCRIPTION | Less than 1 year |
|-------------|------------------|
| 1 Software  | 7,00,000         |

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

| DESCRIPTION              | GROSS BLOCK        |                  |                           |                    | DEPRECIATION     |  |                           |                    | NET BLOCK        |                  |
|--------------------------|--------------------|------------------|---------------------------|--------------------|------------------|--|---------------------------|--------------------|------------------|------------------|
|                          | As at              | Additions*       | Deletions/<br>Adjustments | As at              | As at            | Provided for<br>the year ended<br>March 2021 | Deletions/<br>Adjustments | Up to              | As at            |                  |
|                          | April 1, 2020      |                  |                           | March 31, 2021     | April 1, 2020    |  |                           | March 31, 2021     | March 31, 2021   | March 31, 2020   |
| <b>Owned Assets</b>      |                    |                  |                           |                    |                  |  |                           |                    |                  |                  |
| 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              | 59,35,297          | 24,41,850        |                           | 83,68,147          | 31,37,364        | 16,31,392                                    |                           | 47,68,756          | 35,99,391        | 27,88,933        |
| <b>TOTAL</b>             | <b>1,60,12,199</b> | <b>39,58,085</b> | <b>18,18,830</b>          | <b>1,81,51,484</b> | <b>88,10,976</b> | <b>33,99,443</b>                             | <b>12,44,654</b>          | <b>1,09,65,765</b> | <b>71,85,689</b> | <b>72,01,223</b> |

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

| DESCRIPTION           | GROSS BLOCK        |                  |                           |                    | DEPRECIATION    |  |                           |                  | NET BLOCK          |                    |
|-----------------------|--------------------|------------------|---------------------------|--------------------|-----------------|--|---------------------------|------------------|--------------------|--------------------|
|                       | As at              | Additions*       | Deletions/<br>Adjustments | As at              | As at           | Provided for<br>the year ended<br>March 2021 | Deletions/<br>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                                    |                           | 54,94,576        | 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          |                    |
| <b>Total</b>          | <b>2,89,85,887</b> | <b>30,47,024</b> | <b>-</b>                  | <b>2,89,85,887</b> | <b>3,06,804</b> | <b>56,82,275</b>                             | <b>-</b>                  | <b>59,89,079</b> | <b>2,29,96,808</b> | <b>2,56,32,059</b> |

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

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

Figures in Rs.

\*There are no acquisition/additions of assets through any business combinations and there are no changes to the value of assets due to revaluation of assets for the year ended March 31, 2022 and March 31, 2021





**Cholamandalam MS Risk Services Limited**

**Notes forming part of accounts for the year ended March 31, 2022**

| Particulars  | As at<br>March 31, 2022<br>Rs. | As at<br>March 31, 2021<br>Rs. |
|--|--------------------------------|--------------------------------|
| <b>Financial assets- Non current</b>                                 |                                |                                |
| <b>Note 4</b>  |                                |                                |
| <b>Investments- FVOCI</b>  |                                |                                |
| Equity Shares - Unquoted   |                                |                                |
| Inogen Environmental Alliance Inc.<br>500,000 shares of USD 0.5 each | 16,46,309                      | 16,46,309                      |
| <b>Investments- non current</b>                                      | <b>16,46,309</b>               | <b>16,46,309</b>               |
| <b>Aggregate book value</b>  | <b>16,46,309</b>               | <b>16,46,309</b>               |

| Financial assets- Current                         | As at<br>March 31, 2022 |                    | As at<br>March 31, 2021 |     |
|---|-------------------------|--------------------|-------------------------|-----|
|   | No. of Units            | Rs.                | No. of Units            | Rs. |
| <b>Investments- FVTPL</b>                         |                         |                    |                         |     |
| HDFC Short Term Debt Fund - Regular Plan - Growth | 1,37,267                | 35,26,757          | -                       | -   |
| DSP Short Term Fund - Regular Plan - Growth       | 79,376                  | 30,21,496          | -                       | -   |
| ICICI Prudential Short Term Fund - Growth         | 73,802                  | 35,26,822          | -                       | -   |
| <b>Investments- current</b>                       |                         | <b>1,00,75,075</b> |                         |     |
| <b>Aggregate book value</b>                       |                         | <b>1,00,00,000</b> |                         |     |

| Particulars   | As at<br>March 31, 2022<br>Rs. | As at<br>March 31, 2021<br>Rs. |
|---|--------------------------------|--------------------------------|
| <b>Note 5</b>   |                                |                                |
| <b>Bank Balances other than Cash and cash equivalents</b>       |                                |                                |
| Fixed Deposits with original maturity for more than 12 months * | 93,00,000                      | 1,84,81,685                    |
| <b>Total other financial assets- non current</b>                | <b>93,00,000</b>               | <b>1,84,81,685</b>             |
| * Includes Fixed Deposits placed on lien with Banks             | 93,00,000                      | 40,00,000                      |



**Cholamandalam MS Risk Services Limited**

Notes forming part of accounts for the year ended March 31, 2022

**6 Income Tax Expense**

The major components of income tax expense for the years ended 31st March 2022 and 31st March 2021 are:

**Statement of Profit and Loss**

| Particulars  | March 31, 2022     | March 31, 2021   |
|--|--------------------|------------------|
| <b>Current Tax:</b>  |                    |                  |
| Current income tax charge  | 1,61,08,695        | 72,10,292        |
| Adjustments in respect of current income tax of previous years         |                    |                  |
| <b>Deferred Tax:</b>   |                    |                  |
| Relating to the origination and reversal of temporary differences      | 21,56,000          | (3,00,000)       |
| <b>Income Tax Expense reported in the Statement of Profit and Loss</b> | <b>1,82,64,695</b> | <b>69,10,292</b> |
| <b>Other Comprehensive Income (OCI)</b>                                |                    |                  |
| Tax effect on  |                    |                  |
| Re-measurement Loss on Defined Benefit Obligations                     | (8,695)            | (10,292)         |
| <b>Income Tax charged to OCI</b>                                       | <b>(8,695)</b>     | <b>(10,292)</b>  |

Reconciliation of Tax Expense and the Accounting Profit multiplied by Corporate Income Tax Rate applicable for 31st March 2022 and 31st March 2021:

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, 2022     | March 31, 2021   |
|---|--------------------|------------------|
| Profit before Income Tax multiplied by Standard Rate of Corporate Tax in India of March 31, 2021- 25.168% & March 31, 2020- 25.168% | 1,79,76,237        | 66,32,702        |
| Effects of:   |                    |                  |
| Other Disallowances   | 2,79,763           | 2,67,299         |
| Reversal of provision with respect to prior years   |                    | -                |
| <b>Net Effective Income Tax</b>   | <b>1,82,56,000</b> | <b>69,00,000</b> |

**7 Deferred tax assets**

The balance comprises temporary differences attributable to:

|                                  | March 31, 2022   | March 31, 2021     |
|----------------------------------|------------------|--------------------|
| Depreciation                     | 7,91,392         | 11,88,247          |
| Provision for employee benefits  | 60,52,556        | 51,39,198          |
| Provision for doubtful debts     | 26,06,952        | 54,25,520          |
| Others                           | 2,95,100         | 1,49,036           |
| <b>Total Deferred Tax assets</b> | <b>97,46,000</b> | <b>1,19,02,000</b> |

**Movement in deferred tax assets**

|                          | Depreciation    | Provision for employee benefits | Provision for doubtful debts | Others          | Total            |
|--------------------------|-----------------|---------------------------------|------------------------------|-----------------|------------------|
| At April 1, 2021         | 11,88,247       | 51,39,198                       | 54,25,520                    | 1,49,036        | 1,19,02,000      |
| (Charged)/credited:      |                 |                                 |                              |                 |                  |
| - to profit or loss      | (3,96,854)      | 9,13,358                        | (28,18,568)                  | 1,46,064        | (21,56,000)      |
| <b>At March 31, 2022</b> | <b>7,91,392</b> | <b>60,52,556</b>                | <b>26,06,952</b>             | <b>2,95,100</b> | <b>97,46,000</b> |



**Cholamandalam MS Risk Services Limited**  
Notes forming part of accounts for the year ended March 31, 2022



| Particulars                           | As at<br>March 31, 2022<br>Rs. | As at<br>March 31, 2021<br>Rs. |
|---------------------------------------|--------------------------------|--------------------------------|
| <b>Note 8</b>                         |                                |                                |
| <b>Current Tax Assets (Net)</b>       |                                |                                |
| Advance Tax Paid                      | 71,25,165                      | 71,25,165                      |
| Tax paid for overseas operations      | 1,60,36,431                    | 1,71,10,226                    |
| Tax deducted at source receivable     | 18,94,38,736                   | 19,86,01,376                   |
| Less: Provision for Taxation          | 11,72,81,066                   | 11,20,69,037                   |
| <b>Total Current Tax Assets (Net)</b> | <b>9,53,19,265</b>             | <b>11,07,67,730</b>            |

|                                       |                  |
|---------------------------------------|------------------|
| <b>Note 9</b>                         |                  |
| <b>Other non-current assets</b>       |                  |
| Prepaid Expenses                      | 25,31,061        |
| <b>Total other non-current Assets</b> | <b>25,31,061</b> |

| Particulars  | As at March 31, 2022 Rs. |                    |                  |                  |                   |                     | Total               |
|--|--------------------------|--------------------|------------------|------------------|-------------------|---------------------|---------------------|
|  | Less than 6 months       | 6 months to 1 year | 1-2 Years        | 2-3 years        | More than 3 years |                     |                     |
| <b>Note 10</b>   |                          |                    |                  |                  |                   |                     |                     |
| <b>(ii) Trade receivables</b>  |                          |                    |                  |                  |                   |                     |                     |
| <b>As at March 31, 2022 Rs.</b>  |                          |                    |                  |                  |                   |                     |                     |
| (i) Undisputed Trade receivables – considered good                                 | 17,19,52,290             | 96,14,594          | -                | -                | -                 | -                   | 18,15,66,884        |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | -                        | 70,428             | 55,07,995        | 19,51,292        | 20,76,184         | -                   | 96,05,899           |
| (iii) Undisputed Trade Receivables – credit impaired                               | -                        | -                  | -                | -                | -                 | -                   | -                   |
| (iv) Disputed Trade Receivables – considered good                                  | -                        | -                  | -                | -                | -                 | -                   | -                   |
| (v) Disputed Trade Receivables – which have significant increase in credit risk    | -                        | -                  | -                | -                | -                 | -                   | -                   |
| (vi) Disputed Trade Receivables – credit impaired                                  | -                        | -                  | -                | -                | -                 | -                   | -                   |
| <b>Total</b>   | <b>17,19,52,290</b>      | <b>96,85,023</b>   | <b>55,07,995</b> | <b>19,51,292</b> | <b>20,76,184</b>  | <b>19,11,72,783</b> | <b>19,11,72,783</b> |
| Less: Provision for doubtful debts   | -                        | 70,428             | 55,07,995        | 19,51,292        | 20,76,184         | 96,05,899           | 96,05,899           |
| <b>Net Trade Receivables</b>   | <b>17,19,52,290</b>      | <b>96,14,594</b>   | <b>-</b>         | <b>-</b>         | <b>-</b>          | <b>18,15,66,883</b> | <b>18,15,66,883</b> |
| Unbilled Revenue ( Refer Note 14)  | <b>1,48,04,180</b>       |                    |                  |                  |                   |                     |                     |

| Particulars  | As at March 31, 2021 Rs. |                    |                  |                  |                    |                     | Total               |
|--|--------------------------|--------------------|------------------|------------------|--------------------|---------------------|---------------------|
|  | Less than 6 months       | 6 months to 1 year | 1-2 Years        | 2-3 years        | More than 3 years  |                     |                     |
| <b>As at March 31, 2021 Rs.</b>  |                          |                    |                  |                  |                    |                     |                     |
| (i) Undisputed Trade receivables – considered good                                 | 14,50,18,889             | 34,40,586          | 34,34,934        | 38,86,810        | 1,03,30,313        | -                   | 14,84,59,475        |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | -                        | 23,63,186          | -                | -                | -                  | -                   | 2,00,15,242         |
| (iii) Undisputed Trade Receivables – credit impaired                               | -                        | -                  | -                | -                | -                  | -                   | -                   |
| (iv) Disputed Trade Receivables – considered good                                  | -                        | -                  | -                | -                | -                  | -                   | -                   |
| (v) Disputed Trade Receivables – which have significant increase in credit risk    | -                        | -                  | -                | -                | -                  | -                   | -                   |
| (vi) Disputed Trade Receivables – credit impaired                                  | -                        | -                  | -                | -                | -                  | -                   | -                   |
| <b>Total</b>   | <b>14,50,18,889</b>      | <b>58,03,772</b>   | <b>34,34,934</b> | <b>38,86,810</b> | <b>1,03,30,313</b> | <b>16,84,74,717</b> | <b>16,84,74,717</b> |
| Less: Provision for doubtful debts   | -                        | 23,63,186          | 34,34,934        | 38,86,810        | 1,03,30,313        | 2,00,15,242         | 2,00,15,242         |
| <b>Net Trade Receivables</b>   | <b>14,50,18,889</b>      | <b>34,40,586</b>   | <b>-</b>         | <b>-</b>         | <b>-</b>           | <b>14,84,59,475</b> | <b>14,84,59,475</b> |
| Unbilled Revenue ( Refer Note 14)  | <b>1,82,93,654</b>       |                    |                  |                  |                    |                     |                     |

**Cholamandalam MS Risk Services Limited**

Notes forming part of accounts for the year ended March 31, 2022

| Particulars  | As at<br>March 31, 2022<br>Rs. | As at<br>March 31, 2021<br>Rs. |
|--|--------------------------------|--------------------------------|
| <b>Note 11</b>                                       |                                |                                |
| <b>Cash and bank balances</b>                        |                                |                                |
| Cash in Hand   | 26,342                         | 4,775                          |
| Balance with banks                                   |                                |                                |
| On current accounts                                  | 86,24,203                      | 1,57,80,486                    |
| Fixed Deposits with maturity for less than 3 months* | 4,93,79,708                    | 5,62,14,180                    |
| <b>Total Cash and Bank Balances</b>                  | <b>5,80,30,253</b>             | <b>7,19,99,441</b>             |

\* Includes Fixed Deposits placed on lien with Banks

1,00,50,000

|   |                    |                  |
|---|--------------------|------------------|
| <b>Note 12</b>  |                    |                  |
| <b>Bank Balances other than Cash and cash equivalents</b>       |                    |                  |
| Fixed Deposits with maturity for less than 12 months            | 5,59,10,000        | 75,92,602        |
| <b>Total Bank Balances other than Cash and Cash equivalents</b> | <b>5,59,10,000</b> | <b>75,92,602</b> |

\* Includes Fixed Deposits placed on lien with Banks

50,00,000

|  |                    |                    |
|--|--------------------|--------------------|
| <b>Note 13</b>                                   |                    |                    |
| <b>Financial Assets - Current</b>                |                    |                    |
| <b>Loans</b>                                     |                    |                    |
| <b>Unsecured and considered good</b>             |                    |                    |
| Rent deposits                                    | 26,98,520          | 20,93,398          |
| Security deposits                                | 2,04,34,183        | 1,30,12,746        |
| Employee related advances                        | 24,72,047          | 7,47,056           |
| Other advances                                   | 1,02,003           | 1,02,003           |
| Earnest Money Deposit                            | 1,60,062           | 2,55,562           |
| Interest accrued on Fixed Deposits               | 3,87,080           | 4,04,653           |
| <b>Unsecured and considered Doubtful</b>         |                    |                    |
| Earnest Money Deposit - Doubtful                 | 1,19,938           | 2,72,236           |
| Less : Provision for doubtful loans and advances | 1,19,938           | 2,72,236           |
| Security Deposit - Doubtful                      | 4,59,528           | 12,69,736          |
| Less : Provision for Security Deposit            | 4,59,528           | 12,69,736          |
| <b>Total Loans - Financial Assets - Current</b>  | <b>2,62,53,895</b> | <b>1,66,15,418</b> |

|  |                    |                    |
|--|--------------------|--------------------|
| <b>Note 14</b>                               |                    |                    |
| <b>Others - Financial Assets - Current</b>   |                    |                    |
| Unbilled Revenue *                           | 1,48,04,180        | 1,82,93,654        |
| SEIS claim receivables                       | 32,02,114          | 32,02,113          |
| <b>Total other financial assets- current</b> | <b>1,80,06,294</b> | <b>2,14,95,767</b> |

\* Ageing of the total outstanding unbilled revenue is less than 6 months from the date of transaction

|                                   |                  |                  |
|-----------------------------------|------------------|------------------|
| <b>Note 15</b>                    |                  |                  |
| <b>Other Current Assets</b>       |                  |                  |
| Prepaid Expenses                  | 66,55,994        | 37,84,754        |
| Advance paid to Vendors           | 7,36,038         | 5,87,531         |
| <b>Total other current assets</b> | <b>73,92,032</b> | <b>43,72,285</b> |



**Cholamandalam MS Risk Services Limited**  
**Notes to balance sheet - Equity share capital and other equity**  
**Note 16**

| Equity share capital            | Number of shares | Amount             |
|---------------------------------|------------------|--------------------|
| Authorised equity share capital | 20,00,000        | 2,00,00,000        |
| As at 1 April 2021              | 20,00,000        | 2,00,00,000        |
| Increase during the year        |                  |                    |
| <b>As at 31 March 2022</b>      | <b>20,00,000</b> | <b>2,00,00,000</b> |

| (4) Movements in equity share capital | Number of shares | Equity share capital (per value) |
|---------------------------------------|------------------|----------------------------------|
| As at 1 April 2021                    | 20,00,000        | 2,00,00,000                      |
| <b>As at 31 March 2022</b>            | <b>20,00,000</b> | <b>2,00,00,000</b>               |

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.

| (iii) Shares of the company held by holding / ultimate holding company            | March 31, 2022   | March 31, 2021     |
|---|------------------|--------------------|
|   | Number of shares | Amount             |
| Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Limited) | 9,89,979         | 98,99,790          |
| Mitsui Sumitomo Insurance Company Limited   | 10,00,000        | 1,00,00,000        |
| <b>Total</b>  | <b>19,89,979</b> | <b>1,98,99,790</b> |

| (iii) Details of shareholders holding more than 5% shares in the company          | March 31, 2022   | March 31, 2021 |
|---|------------------|----------------|
|   | Number of shares | % holding      |
| Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Limited) | 9,89,979         | 49.50%         |
| Mitsui Sumitomo Insurance Company Limited   | 10,00,000        | 50.00%         |
| <b>Total</b>  | <b>19,89,979</b> | <b>99.50%</b>  |

| (iv) Shares held by promoters at the end of the year                              | March 31, 2022   | March 31, 2021 |
|---|------------------|----------------|
|   | Number of shares | % holding      |
| Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Limited) | 9,89,979         | 49.50%         |
| Mitsui Sumitomo Insurance Company Limited   | 10,00,000        | 50.00%         |
| Chola Insurance Distribution Services Pvt. Ltd.                                   | 2                | 0.00%          |
| Ambadi Investments Ltd.   | 2                | 0.00%          |
| Ambadi enterprises Ltd.   | 1                | 0.00%          |
| Chola Business Services Ltd.  | 1                | 0.00%          |
| Kartik Investments Trust Ltd.   | 10015            | 0.50%          |
| <b>Total</b>  | <b>20,00,000</b> | <b>100.00%</b> |



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

**Note 17**

**Other Equity**

**Reserves and surplus**

|                                   | <b>March 31, 2022</b> | <b>March 31, 2021</b> |
|-----------------------------------|-----------------------|-----------------------|
| General reserve                   | 16,00,00,000          | 11,00,00,000          |
| Retained earnings                 | 13,11,03,955          | 13,04,34,981          |
| <b>Total reserves and surplus</b> | <b>29,11,03,955</b>   | <b>24,04,34,981</b>   |

| <b>a) General reserve</b>              | <b>March 31, 2022</b> | <b>March 31, 2021</b> |
|--|-----------------------|-----------------------|
| Opening balance                        | 11,00,00,000          | 10,00,00,000          |
| Additions during the year              | 5,00,00,000           | 1,00,00,000           |
| Deductions/Adjustments during the year | -                     | -                     |
| <b>Closing balance</b>                 | <b>16,00,00,000</b>   | <b>11,00,00,000</b>   |

| <b>b) Retained earnings</b>   | <b>March 31, 2022</b> | <b>March 31, 2021</b> |
|---|-----------------------|-----------------------|
| Opening balance   | 13,04,34,981          | 12,34,81,272          |
| Net profit for the period   | 5,31,94,826           | 1,94,84,310           |
| <i>Items of other comprehensive income recognised directly in retained earnings</i> |                       |                       |
| - Remeasurements of post-employment benefit obligation, net of tax                  | 25,852                | 30,600                |
| Less: Dividends   | 25,00,000             | 25,00,000             |
| Less: Transfer to General reserve   | 5,00,00,000           | 1,00,00,000           |
| <b>Closing balance</b>  | <b>13,11,03,955</b>   | <b>13,04,34,981</b>   |





**Cholamandalam MS Risk Services Limited**  
Notes forming part of accounts for the year ended March 31, 2022

| Particulars                            | As at<br>March 31, 2022<br>Rs. | As at<br>March 31, 2021<br>Rs. |
|--|--------------------------------|--------------------------------|
| <b>Note 18</b>                         |                                |                                |
| <b>Lease Liabilities - Non Current</b> |                                |                                |
| Finance Lease obligation               | 1,55,14,350                    | 1,80,40,271                    |
| <b>Total - Non Current</b>             | <b>1,55,14,350</b>             | <b>1,80,40,271</b>             |
| <b>Lease Liabilities - Current</b>     |                                |                                |
| Finance Lease obligation               | 75,92,471                      | 51,25,257                      |
| <b>Total - Current</b>                 | <b>75,92,471</b>               | <b>51,25,257</b>               |
| <b>Total Lease Liabilities</b>         | <b>2,31,06,821</b>             | <b>2,31,65,528</b>             |

The following is the movement in lease liabilities during the year ended March 31, 2022:

|  |                    |                    |
|--|--------------------|--------------------|
| <b>Balance at the beginning</b>        | <b>2,31,65,528</b> | <b>2,46,55,886</b> |
| Additions                              | 55,10,347          | 29,69,050          |
| Deletions                              |                    |                    |
| Finance cost accrued during the period | 20,49,435          | 22,53,791          |
| Payment of lease liabilities           | 76,18,489          | 67,13,199          |
| <b>Balance at the end</b>              | <b>2,31,06,821</b> | <b>2,31,65,528</b> |

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 and March 31, 2021 on an undiscounted basis

|                      |                    |                    |
|----------------------|--------------------|--------------------|
| Less than one year   | 93,90,356          | 70,86,069          |
| One to five years    | 1,61,28,658        | 2,05,20,963        |
| More than five years |                    |                    |
| <b>Total</b>         | <b>2,55,19,014</b> | <b>2,76,07,032</b> |

**Note 19**

|   |                    |                    |
|---|--------------------|--------------------|
| <b>Other Financial Liabilities- Non Current</b>       |                    |                    |
| Advance from customers                                | 38,90,505          | 83,53,360          |
| Security Deposit                                      | 3,11,11,584        | 5,06,22,214        |
| <b>Total other Financial Liabilities- Non Current</b> | <b>3,50,02,089</b> | <b>5,89,75,574</b> |
| <b>Other Financial Liabilities- Current</b>           |                    |                    |
| Interest accrued but not due                          |                    |                    |
| Expenses payable                                      | 2,03,07,403        | 1,28,65,807        |
| Employee related payables                             | 1,05,46,682        | 75,84,948          |
| <b>Total Other Financial Liabilities- Current</b>     | <b>3,08,54,085</b> | <b>2,04,50,755</b> |

**Note 20**

| <b>Trade payables</b>          |                    |                    |           |           |                   |                    |
|--------------------------------|--------------------|--------------------|-----------|-----------|-------------------|--------------------|
| <b>As at March 31 2022 Rs.</b> |                    |                    |           |           |                   |                    |
| Particulars                    | Less than 6 months | 6 months to 1 year | 1-2 Years | 2-3 years | More than 3 years | Total              |
| (i) MSME                       | 16,85,300          |                    |           |           |                   | 16,85,300          |
| (ii) Others                    | 4,05,97,194        | 2,57,025           |           |           |                   | 4,08,54,219        |
| (iii) Disputed dues - MSME     |                    |                    |           |           |                   |                    |
| (iv) Disputed dues - Others    |                    |                    |           |           |                   |                    |
| <b>Total</b>                   | <b>4,22,82,494</b> | <b>2,57,025</b>    | -         | -         | -                 | <b>4,25,39,519</b> |
| <b>As at March 31 2021 Rs.</b> |                    |                    |           |           |                   |                    |
| Particulars                    | Less than 6 months | 6 months to 1 year | 1-2 Years | 2-3 years | More than 3 years | Total              |
| (i) MSME                       | 16,10,511          |                    |           |           |                   | 16,10,511          |
| (ii) Others                    | 1,72,33,135        | 32,14,190          |           |           |                   | 2,04,47,325        |
| (iii) Disputed dues - MSME     |                    |                    |           |           |                   |                    |
| (iv) Disputed dues - Others    |                    |                    |           |           |                   |                    |
| <b>Total</b>                   | <b>1,88,43,646</b> | <b>32,14,190</b>   | -         | -         | -                 | <b>2,20,57,836</b> |

| Particulars  | As at<br>March 31, 2022<br>Rs. | As at<br>March 31, 2021<br>Rs. |
|--|--------------------------------|--------------------------------|
| <b>Note 21</b>   |                                |                                |
| <b>Employee benefit obligation-Non- Current</b>          |                                |                                |
| Provision for Leave encashment                           | 1,15,68,271                    | 1,36,29,348                    |
| <b>Total - Non current - Employee benefit obligation</b> | <b>1,15,68,271</b>             | <b>1,36,29,348</b>             |

|  |                    |                    |
|--|--------------------|--------------------|
| <b>Employee benefit obligation- Current</b>          |                    |                    |
| Provision for Incentive                              | 3,03,93,008        | 2,46,81,223        |
| Provision for gratuity                               | 22,45,591          | 19,14,927          |
| Provision for Leave encashment                       | 1,24,80,347        | 67,90,224          |
| <b>Total - Current - Employee benefit obligation</b> | <b>4,51,18,946</b> | <b>3,33,86,374</b> |

|                                  |                    |                    |
|----------------------------------|--------------------|--------------------|
| <b>Note 22</b>                   |                    |                    |
| <b>Other current liabilities</b> |                    |                    |
| Advance from customers           | 17,65,310          | 41,99,875          |
| Statutory related payables       | 1,31,62,958        | 1,34,17,710        |
| <b>Total Current Liabilities</b> | <b>1,49,28,268</b> | <b>1,76,17,585</b> |



**Cholamandalam MS Risk Services Limited**

Notes forming part of accounts for the year ended March 31, 2022

| Particulars                                | For the Year Ended<br>March 31, 2022<br>Rs. | For the Year<br>Ended<br>March 31, 2021<br>Rs. |
|--|---|--|
| <b>Note 23</b>                             |   |  |
| <b>Revenue from operations</b>             |   |  |
| Fee Income from Services                   |   |  |
| Overseas                                   | 12,83,02,540                                | 8,08,37,298                                    |
| Domestic                                   | 43,28,45,588                                | 30,89,32,093                                   |
| Other Operating Income - Training Services | 52,21,479                                   | 64,09,957                                      |
| Sale of telematics devices                 | -   | 2,13,610                                       |
| Service income from telematics device      | 24,39,495                                   | 38,21,670                                      |
| <b>Total Revenue from Operations</b>       | <b>56,88,09,103</b>                         | <b>40,02,14,628</b>                            |

**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               |   |
| <b>Segment</b>   |                           |                     |                     |   |
| Consultancy Services   | 43,80,67,067              | 12,83,02,540        | 56,63,69,608        | 56,63,69,608                                      |
| Trading activities   | 24,39,495                 | -                   | 24,39,495           | 24,39,495   |
| <b>Total</b>   | <b>44,05,06,562</b>       | <b>12,83,02,540</b> | <b>56,88,09,103</b> | <b>56,88,09,103</b>                               |
| a. Revenue recognised based on performance obligations satisfied over a period of time | 43,80,67,067              | 12,83,02,540        | 56,63,69,608        | 56,63,69,608                                      |
| b. Revenue recognised based on performance obligations satisfied at a point in time    | 24,39,495                 | -                   | 24,39,495           | 24,39,495   |

**Movement in Expected credit loss during the year**

| Particulars                                  | Trade receivables covered under Ind AS 115 |                    |
|--|--|--------------------|
|  | 2021-22                                    | 2020-21            |
| Opening balance                              | 2,00,15,242                                | 2,31,81,759        |
| Changes in loss allowance:                   |  |                    |
| Loss allowance based on Expected credit loss | 47,53,824                                  | 1,61,69,966        |
| Bad Debts Written off                        | (87,25,441)                                |                    |
| Addition/(reversal) of Loss allowance - net  | (64,37,726)                                | (1,93,36,484)      |
| Closing balance                              | <b>96,05,899</b>                           | <b>2,00,15,242</b> |

**Contract balances:**

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

| Particulars  | 2021-22            | 2020-21            |
|--|--------------------|--------------------|
| Opening balance (A)  | 1,82,93,654        | 2,13,51,203        |
| Add/(Less): Revenue recognised during the year             | 1,48,04,180        | 1,82,93,654        |
| Add/(Less): Progress Bills raised/reversed during the year | (1,82,93,654)      | (2,13,51,203)      |
| Closing balance (B)  | <b>1,48,04,180</b> | <b>1,82,93,654</b> |



**Cholamandalam MS Risk Services Limited**  
**Notes forming part of accounts for the year ended March 31, 2022**

**Reconciliation of contracted price with revenue during the year**

| Particulars  | 2021-22             | 2020-21               |
|--|---------------------|-----------------------|
| Opening contracted price of orders at the start of the year (including full value of partially executed contracts)       | 1,10,76,80,693      | 1,01,59,35,914        |
| Changes during the year on account of:   |                     |                       |
| Add: Fresh orders received   | 56,72,33,950        | 38,76,42,015          |
| Add: Scope Change  | (38,61,55,792)      | (8,08,31,776)         |
| Less: Orders completed fully   | (50,16,78,350)      | (21,50,65,460)        |
| Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts) | <b>78,70,80,502</b> | <b>1,10,76,80,693</b> |

| Particulars   | 2021-22             | 2020-21               |
|---|---------------------|-----------------------|
| Revenue recognised during the year  | 56,11,48,129        | 38,97,69,391          |
| Out of orders completed during the year   | 46,05,68,611        | 25,00,79,505          |
| Out of continuing orders at the end of the year (I)   | 10,05,79,518        | 13,96,89,886          |
| Revenue recognised upto previous year (towards continuing orders at the end of the year) (II) | 27,25,17,817        | 32,75,70,272          |
| Balance revenue to be recognised in future (III)  | 41,39,83,168        | 64,04,20,535          |
| Total Gross work Order value  | <b>78,70,80,502</b> | <b>1,10,76,80,693</b> |

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-22  |              |                              |              |                   |
|--|--------------|------------------------------|--------------|-------------------|
| 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 | 41,39,83,168 | 28,97,88,217                 | 8,27,96,634  | 4,13,98,317       |
| 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       |

**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 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. Revenue from fixed price contracts are recognised, where the performance 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 progress achieved by the Company in satisfying the performance obligation. The transaction price is the consideration as promised in the contract with the customers and 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.



**Cholamandalam MS Risk Services Limited**

**Notes forming part of accounts for the year ended March 31, 2022**

| Particulars  | For the Year Ended<br>March 31, 2022<br>Rs. | For the Year Ended<br>March 31, 2021<br>Rs. |
|--|---|---|
| <b>Note 24</b>   |   |   |
| <b>Other income</b>  |   |   |
| Foreign Exchange Gain  | 23,20,688                                   | 31,03,707                                   |
| Export Benefit incentives                                      | -   | -   |
| Miscellaneous Income   | 5,62,105                                    | 17,688                                      |
| Provision no longer required written back                      | 1,62,68,502                                 | 1,93,36,484                                 |
| <b>Interest income :</b>                                       |   |   |
| Bank fixed deposits  | 30,69,115                                   | 34,18,039                                   |
| Interest income from IT refund                                 | 55,51,899                                   | 96,51,944                                   |
| Others   | 1,95,712                                    | 1,66,866                                    |
| <b>Investment income:</b>                                      |   |   |
| Fair valuation gain on Investment on Mutual Fund ( unrealised) | 75,075                                      | -   |
| Profit on sale of fixed assets                                 | -   | -   |
| <b>Total Other Income</b>                                      | <b>2,80,43,096</b>                          | <b>3,56,94,728</b>                          |

**Note 25**

|  |                     |                     |
|--|---------------------|---------------------|
| <b>Employee benefits expense</b>         |                     |                     |
| Salaries                                 | 26,69,74,667        | 21,96,36,410        |
| Contribution to provident fund           | 1,05,57,033         | 89,73,690           |
| Gratuity & long term compensated absence | 88,61,192           | 79,59,615           |
| Staff welfare                            | 1,26,15,830         | 1,48,13,287         |
| <b>Total employee benefits expense</b>   | <b>29,90,08,722</b> | <b>25,13,83,002</b> |

**Note 26**

|                           |                  |                  |
|---------------------------|------------------|------------------|
| <b>Finance Costs</b>      |                  |                  |
| Interest Cost to MSME     | -                | 94,759           |
| Interest Cost - Others    | 37,06,326        | 56,56,720        |
| <b>Total Finance Cost</b> | <b>37,06,326</b> | <b>57,51,479</b> |



**Cholamandalam MS Risk Services Limited**

Notes forming part of accounts for the year ended March 31, 2022

| Particulars  | For the Year Ended<br>March 31, 2022<br>Rs. | For the Year Ended<br>March 31, 2021<br>Rs. |
|--|---|---|
| <b>Note 27</b>   |   |   |
| <b>Other expenses</b>                                  |   |   |
| <b>Operating expenses</b>                              |   |   |
| Recruitment Expenses                                   | 9,77,059                                    | 15,94,507                                   |
| Travelling & conveyance                                | 3,59,79,192                                 | 1,60,40,119                                 |
| Communication  | 12,22,085                                   | 2,59,366                                    |
| Consultants Outsourcing fees                           | 13,44,52,476                                | 7,62,59,388                                 |
| Less : Reimbursement of Expenses                       | (78,68,058)                                 | (40,93,627)                                 |
|  | <b>16,47,62,753</b>                         | <b>9,00,59,753</b>                          |
| <b>Business Development Cost</b>                       |   |   |
| Business Development and Advisory Cost                 | 12,05,959                                   | 4,15,837                                    |
|  | <b>12,05,959</b>                            | <b>4,15,837</b>                             |
| <b>General &amp; administration expenses</b>           |   |   |
| Power  | 8,44,537                                    | 8,13,727                                    |
| Rent   | 20,43,079                                   | 26,50,738                                   |
| Rates & taxes  | 3,22,104                                    | 11,16,322                                   |
| Repairs & maintenance                                  | 26,68,708                                   | 27,56,231                                   |
| Printing & stationery                                  | 12,27,361                                   | 7,38,424                                    |
| Postage Expenses                                       | 4,27,627                                    | 2,01,865                                    |
| Sitting fees   | 2,70,000                                    | 2,70,000                                    |
| Insurance  | 7,62,633                                    | 7,91,145                                    |
| Bank Charges   | 26,27,364                                   | 14,93,545                                   |
| Bad & Doubtful Debts Written off                       | 87,25,441                                   | -   |
| Bad & Doubtful Advances Written off                    | 9,62,506                                    | -   |
| IT Expenses  | 71,47,045                                   | 41,00,077                                   |
| Legal and Professional charges                         | 28,34,362                                   | 25,05,850                                   |
| Provision for bad & doubtful debts                     | 47,53,824                                   | 1,61,69,965                                 |
| Provision for doubtful loans and advances              | -   | 5,41,486                                    |
| Auditor's remuneration (Details given below)           | 6,94,000                                    | 5,75,000                                    |
| Tender Fees  | 2,73,547                                    | 2,99,433                                    |
| Training Expenses                                      | 8,47,380                                    | 14,00,690                                   |
| Project Related Expenses                               | 16,47,374                                   | 42,93,800                                   |
| Membership and Subscription Fees                       | 12,54,464                                   | 51,98,388                                   |
| Corporate Social Responsibility expenses               | 8,76,000                                    | 10,00,000                                   |
| Miscellaneous expenses                                 | 1,21,253                                    | 1,90,352                                    |
|  | <b>4,13,30,609</b>                          | <b>4,71,07,038</b>                          |
| <b>Total other expenses</b>                            | <b>20,72,99,321</b>                         | <b>13,75,82,628</b>                         |
| <b>Payment to Auditor</b>                              |   |   |
| Audit fee(excluding GST)                               | 5,28,000                                    | 4,80,000                                    |
| Tax audit fee(excluding GST)                           | 66,000                                      | 60,000                                      |
| Certification Fees (excluding GST)                     | 1,00,000                                    | 35,000                                      |
| <b>Note 28</b>   |   |   |
| <b>Earnings per share</b>                              |   |   |
| Net profit after taxes                                 | 5,31,68,973                                 | 1,94,84,310                                 |
| 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                             | 26.58                                       | 9.74  |
| Earnings per share - Diluted                           | 26.58                                       | 9.74  |



**Cholamandalam MS Risk Services Limited**  
Notes forming part of accounts for the year ended March 31, 2022

**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   | 2021-22<br>(Rs.)       | 2020-21<br>(Rs.)       |
|---|---|------------------------|------------------------|
| Rendering of Services<br>(Income)           | Cholamandalam MS General Insurance Co Ltd<br>Cholamandalam Investment and Finance Company Limited                                   | 2,01,31,350<br>60,000  | 1,56,76,015<br>-       |
| Availment of Services<br>(Expense)          | Cholamandalam MS General Insurance Co Ltd<br>Cholamandalam Investment and Finance Company Limited                                   | 23,80,362<br>-         | 24,69,109<br>30,830    |
| Sitting Fees                                | A) Mitsui Sumitomo Insurance Company Limited  | 2,10,000               | 2,10,000               |
| Dividend Paid                               | A) Cholamandalam Financial Holdings Limited<br>(Formerly TI Financial Holdings Limited)<br>B) Mitsui Sumitomo Insurance Company Ltd | 12,37,474<br>12,50,000 | 12,37,474<br>12,50,000 |
| Recovery of Expenses                        | Cholamandalam MS General Insurance Co Ltd   | 6,37,620               | 8,39,605               |
| Receivables / Payables                      | Cholamandalam MS General Insurance Co Ltd   | 88,02,989/- (Dr)       | 30,39,863/- (Dr)       |
| Receivables / Payables                      | Cholamandalam Investment and Finance Company Limited  | 70,800                 | -                      |
| Remuneration to Key<br>Managerial Personnel | A) N V Subba Rao<br>Designation: Chief Executive  | 1,63,64,775            | 1,44,52,760            |

**Note 30**  
**Contingent Liability**

| Assessment Year | Particulars   | As at March 31,<br>2022 | As at March 31,<br>2021 |
|-----------------|---|-------------------------|-------------------------|
|                 | Contested Liabilities Not provided for in respect of Tax matters pending before Appellate Authorities |                         |                         |
|                 | <b>Income Tax Matters:</b>  |                         |                         |
| 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.

**Note 31**

| Capital Commitment | Particulars  | As at March 31,<br>2022 | As at March 31,<br>2021 |
|--------------------|--------------|-------------------------|-------------------------|
| Software           | SRP software | -                       | 28,00,000               |

**Note 32**

| Due to Micro, Small and Medium Enterprises  | Year ended     | Year ended     |
|---|----------------|----------------|
|   | March 31, 2022 | March 31, 2021 |
| 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         |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end                | -              | 3,393          |
| Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | -              | 18,45,936      |
| Interest due and payable towards suppliers registered under MSMED Act, for payments already made            | -              | 91,366         |

**Note 33**

| Ratios                           | Particulars  | March 31, 2022 | March 31, 2021 | Reasons for variance   |
|----------------------------------|--|----------------|----------------|--|
| a) Current ratio                 | Current Assets / Current liabilities                       | 2.53           | 2.74           | No major variance  |
| b) Debt-Equity ratio             | Total Debts/ Total Equity                                  | 0.16           | 0.30           | The reduction in the ratio is due to repayments of the liabilities during the year and no new additions made   |
| c) Return on equity ratio        | Profit before tax/Shareholder's Equity                     | 3.57           | 1.32           | The Company has performed better in the CY after unlock down post the pandemic and business operations turned to be normal in the CY. Hence Profits% has increased |
| d) Trade receivables turnover    | Total Trade receivables *365 Days/ Revenue from Operations | 117            | 135            | No major variance  |
| e) Trade payables turnover ratio | Total Trade Payables *365 Days/ Total Expenses             | 75             | 59             | The risk management expenses for the CY has increased due to increase in operations and corresponding liabilities has increased in the CY                          |
| f) Net capital turnover ratio    | Net annual sales / Working capital                         | 2.63           | 2.33           | No major variance  |
| g) Net profit ratio              | Profit before tax/Revenue from Operations                  | 13%            | 7%             | The Company has performed better in the CY after unlock down post the pandemic and business operations turned to be normal in the CY. Hence Profits% has increased |
| h) Return on capital employed    | Profit after tax/Total Capital employed                    | 17%            | 7%             | The Company has performed better in the CY after unlock down post the pandemic and business operations turned to be normal in the CY. Hence Profits% has increased |



**Cholamandalam MS Risk Services Limited**

Notes forming part of accounts for the year ended March 31, 2022

**Note 34****Fair value measurements****Financial instruments by category**

|                                     | Level | March 31, 2022 |           |                     | March 31, 2021 |                  |                     |
|-------------------------------------|-------|----------------|-----------|---------------------|----------------|------------------|---------------------|
|                                     |       | FVTPL          | FVOCI     | Amortised cost      | FVTPL          | FVOCI            | Amortised cost      |
| <b>Financial assets</b>             |       |                |           |                     |                |                  |                     |
| Investments                         |       |                |           |                     |                |                  |                     |
| - Equity instruments                | 3     | 1,00,75,075    | 16,46,309 | -                   | -              | 16,46,309        | -                   |
| Trade receivables                   | 3     | -              | -         | 18,15,66,883        | -              | -                | 14,84,59,475        |
| Cash and cash equivalents           |       | -              | -         | 5,80,30,253         | -              | -                | 7,19,99,441         |
| Bank Balances other than (ii) above |       | -              | -         | 6,52,10,000         | -              | -                | 2,60,74,287         |
| Loans                               | 3     | -              | -         | 2,62,53,895         | -              | -                | 1,66,15,418         |
| Others                              | 3     | -              | -         | 1,80,06,294         | -              | -                | 2,14,95,767         |
| <b>Total financial assets</b>       |       |                |           | <b>34,90,67,325</b> |                | <b>16,46,309</b> | <b>28,46,44,388</b> |
| <b>Financial liabilities</b>        |       |                |           |                     |                |                  |                     |
| Trade payables                      | 3     | -              | -         | 4,25,39,519         | -              | -                | 2,20,57,836         |
| Lease liabilities                   | 3     | -              | -         | 2,31,06,821         | -              | -                | 2,31,65,528         |
| Other financial liabilities         | 3     | -              | -         | 6,58,56,173         | -              | -                | 7,94,26,329         |
| <b>Total financial liabilities</b>  |       |                |           | <b>13,15,02,514</b> |                |                  | <b>12,46,49,693</b> |

**(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 in 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, 2022**  
**Financial instruments and risk management (contd.)**

**Note 35**

**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 forward-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 2022:**

| Ageing  | Less than 6 months  | 6 months to 1 year | 1-2 Years | 2-3 years | More than 3 years | Total               |
|---|---------------------|--------------------|-----------|-----------|-------------------|---------------------|
| Gross carrying amount   | 17,19,52,290        | 96,85,022          | 55,07,995 | 19,51,292 | 20,76,184         | 19,11,72,782        |
| Expected loss rate  | 0%                  | 0.7%               | 100%      | 100%      | 100%              | 5%                  |
| Expected credit losses (Loss allowance provision)               | -                   | 70,429             | 55,07,995 | 19,51,292 | 20,76,184         | 96,05,899           |
| <b>Carrying amount of trade receivables (net of impairment)</b> | <b>17,19,52,290</b> | <b>96,14,593</b>   | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>18,15,66,883</b> |

**Year ended 31 March 2021:**

| Ageing  | Less than 6 months  | 6 months to 1 year | 1-2 Years | 2-3 years | More than 3 years | Total               |
|---|---------------------|--------------------|-----------|-----------|-------------------|---------------------|
| Gross carrying amount   | 14,50,18,889        | 58,03,772          | 34,34,934 | 38,86,810 | 1,03,30,313       | 16,84,74,717        |
| Expected loss rate  | 0%                  | 41%                | 100%      | 100%      | 100%              | 12%                 |
| Expected credit losses (Loss allowance provision)               | -                   | 23,63,186          | 34,34,934 | 38,86,810 | 1,03,30,313       | 2,00,15,242         |
| <b>Carrying amount of trade receivables (net of impairment)</b> | <b>14,50,18,889</b> | <b>34,40,586</b>   | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>14,84,59,475</b> |

**(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 2021         | 15,41,972       |
| Add (Less):                            | (9,62,506)      |
| Changes in loss allowances             | -               |
| <b>Loss allowance on 31 March 2022</b> | <b>5,79,466</b> |

**(iv) Reconciliation of loss allowance provision - Trade receivables**

|  |                  |
|--|------------------|
| Loss allowance on 1 April 2021         | 2,00,15,242      |
| Changes in loss allowance              | (1,04,09,343)    |
| <b>Loss allowance on 31 March 2022</b> | <b>96,05,899</b> |



**Cholamandulam MS Risk Services Limited**  
**Notes forming part of accounts for the year ended March 31, 2022**  
**Financial instruments and risk management (contd.)**  
**Note 35**  
**Financial risk management**

**(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.

*(f) Financing arrangements*

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

|   | 31 March, 2022 | 31 March, 2021 |
|---|----------------|----------------|
| <b>Floating rate</b>                            |                |                |
| Expiring within one year (cash credit facility) | 5,10,00,000    | 7,00,00,000    |

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               |
|---|---------------------|--------------------|---------------------|
| <b>31 March 2022</b>                    |                     |                    |                     |
| <b>Non-derivatives</b>                  |                     |                    |                     |
| Trade payables                          | 4,25,39,519         | -                  | 4,25,39,519         |
| Lease liabilities                       | 75,92,471           | 1,55,14,350        | 2,31,06,821         |
| Other financial liabilities             | 3,08,54,085         | 3,50,02,089        | 6,58,56,173         |
| <b>Total non-derivative liabilities</b> | <b>8,09,86,075</b>  | <b>5,05,16,438</b> | <b>13,15,02,514</b> |

|   | Less than 12 months | More than 1 year   | Total               |
|---|---------------------|--------------------|---------------------|
| <b>31 March 2021</b>                    |                     |                    |                     |
| <b>Non-derivatives</b>                  |                     |                    |                     |
| 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         |
| <b>Total non-derivative liabilities</b> | <b>4,76,33,848</b>  | <b>7,70,15,845</b> | <b>12,46,49,693</b> |



**Cholamandalam MS Risk Services Limited**  
**Notes forming part of accounts for the year ended March 31, 2022**

**Note 35**

**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 2022 |                    |                  |                  |                    |
|--|---------------|--------------------|------------------|------------------|--------------------|
|  | AED           | GBP                | Euro             | USD              | KwD                |
| <i>Financial assets</i>                      |               |                    |                  |                  |                    |
| Trade receivables                            | -             |                    | 14,77,220        | 83,37,543        | 3,38,23,816        |
| <i>Financial liabilities</i>                 |               |                    |                  |                  |                    |
| Trade payables                               |               | 15,32,367          | 87,942           | 11,84,187        | 91,27,840          |
| <b>Net exposure to foreign currency risk</b> | -             | <b>(15,32,367)</b> | <b>13,89,278</b> | <b>71,53,356</b> | <b>2,46,95,976</b> |

|  | 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          |
| <b>Net exposure to foreign currency risk</b> | <b>1,77,192</b> | -   | <b>1,18,942</b> | <b>73,86,053</b> | <b>2,49,19,263</b> |

**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 2022              | 31 March 2021 |
| <i>USD sensitivity</i>    |                            |               |
| INR/USD Increases by 10%  | 7,15,336                   | 7,38,605      |
| INR/USD Decreases by 10%  | (7,15,336)                 | (7,38,605)    |
| <i>KWD sensitivity</i>    |                            |               |
| INR/KWD Increases by 10%  | 24,69,598                  | 24,91,926     |
| INR/KWD Decreases by 10%  | (24,69,598)                | (24,91,926)   |
| <i>Euro sensitivity</i>   |                            |               |
| INR/Euro Increases by 10% | 1,38,928                   | 11,894        |
| INR/Euro Decreases by 10% | (1,38,928)                 | (11,894)      |
| <i>GBP sensitivity</i>    |                            |               |
| INR/GBP Increases by 10%  | (1,53,237)                 | -             |
| INR/GBP Decreases by 10%  | 1,53,237                   | 0             |
| <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, 2022**

**Note 36**

**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).

|                                 | <b>March 31, 2022</b> | <b>March 31, 2021</b> |
|---------------------------------|-----------------------|-----------------------|
| Net debt                        | 5,05,16,438           | 7,70,15,845           |
| Total equity                    | 31,11,03,955          | 26,04,34,982          |
| <b>Net debt to equity ratio</b> | <b>0.16</b>           | <b>0.30</b>           |

**(b) Dividends**

|   | <b>FY 2021-22</b> | <b>FY 2020-21</b> |
|---|-------------------|-------------------|
| <i>(i) Equity shares</i>  |                   |                   |
| Final dividend for the year ended 31 March 2021 of Rs. 1.25 per fully paid up share | 25,00,000         |                   |
| Final dividend for the year ended 31 March 2020 of Rs. 1.25 per fully paid up share |                   | 25,00,000         |

*(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. **2.50** per fully paid equity share for the year ended March 31, 2022. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.



**Note 37**

**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 encasement which is a defined benefit plan is made based on actuarial valuation. Actuarial gains and losses of defined 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, 2022**

**Note 37**

**Employee Benefit Obligations**

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

| Particulars                      | As at March 31, 2022 | As at March 31, 2021 |
|----------------------------------|----------------------|----------------------|
| <b>Gratuity</b>                  |                      |                      |
| Discount Rate                    | 6.60%                | 6.23%                |
| Expected rate of salary increase | 5.50%                | 5.50%                |
| Attrition Rate                   | 14.00%               | 14.00%               |
| <b>Compensated Absence Leave</b> |                      |                      |
| Discount Rate                    | 6.20%                | 6.19%                |
| Expected rate of salary increase | 7.00%                | 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, 2022 | As at March 31, 2021 |
|--|----------------------|----------------------|
| <b>Gratuity</b>  |                      |                      |
| Current service cost   | 23,28,589            | 19,98,381            |
| Interest expense on DBO  | 9,88,097             | 8,78,651             |
| Interest (income) on plan assets                                   | -9,31,713            | -8,43,149            |
| Remeasurement on the net defined benefit liability comprising:     |                      |                      |
| Actuarial(gain)/loss arising from changes in financial assumptions | -3,22,042            | 96,292               |
| Changes in demographic assumptions                                 |                      |                      |
| Actuarial(gain)/loss arising from experience adjustments           | 4,79,822             | -3,91,570            |
| Actuarial(gain)/loss on plan assets                                | -1,92,328            |                      |
| (Return) on plan assets (excluding interest income) *              |                      | 3,36,170             |
| <b>Total</b>   | <b>23,50,425</b>     | <b>20,74,775</b>     |
| <b>Defined benefit cost included in P&amp;L</b>                    | <b>23,84,973</b>     | <b>20,33,883</b>     |
| <b>Total remeasurements included in OCI</b>                        | <b>34,548</b>        | <b>40,892</b>        |

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, 2022 | As at March 31, 2021 |
|--|----------------------|----------------------|
| <b>Gratuity</b>  |                      |                      |
| Present value of defined benefit obligation                    | 1,90,14,399          | 1,61,80,677          |
| Fair value of plan assets                                      | 1,67,68,808          | 1,42,65,749          |
| Net liability arising from defined benefit obligation (funded) | 22,45,591            | 19,14,928            |

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

| Particulars   | As at March 31, 2022 | As at March 31, 2021 |
|---|----------------------|----------------------|
| <b>Gratuity</b>   |                      |                      |
| Opening defined benefit obligation                                  | 1,61,80,677          | 1,40,31,595          |
| Current service cost  | 23,28,589            | 19,98,381            |
| Interest cost   | 9,88,097             | 8,78,651             |
| Actuarial(gain)/loss arising from changes in financial assumptions  | -3,22,042            | 96,291               |
| Actuarial(gain)/loss arising from change in demographic assumptions |                      |                      |
| Actuarial(gain)/loss arising from experience adjustments            | 4,79,822             | (3,91,570)           |
| Benefits paid   | -6,40,744            | (4,32,671)           |
| <b>Closing defined benefit obligation</b>                           | <b>1,90,14,399</b>   | <b>1,61,80,677</b>   |



**Cholamandalam MS Risk Services Limited**  
**Notes forming part of accounts for the year ended March 31, 2022**

**Note 37**

**Employee Benefit Obligations**

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

| Particulars   | As at March 31,<br>2022 | As at March 31,<br>2021 |
|---|-------------------------|-------------------------|
| Gratuity  |                         |                         |
| <b>b) Reconciliation of Opening and Closing balances of fair value of plan assets</b> |                         |                         |
| Fair value of Plan assets at beginning of the year                                    | 1,42,65,749             | 1,27,55,341             |
| Expected return on plan assets  | 9,31,713                | 8,43,149                |
| Actuarial (gain)/loss   | -6,40,744               | (3,36,170)              |
| Employer contribution   | 20,19,762               | 14,36,102               |
| Benefits Paid   | 1,92,328                | (4,32,671)              |
| Fair value of Plan assets at Year end   | <b>1,67,68,808</b>      | <b>1,42,65,751</b>      |

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,<br>2022 | As at March 31,<br>2021 |
|-----------------------------------|-------------------------|-------------------------|
| <b>Discount Rate</b>              |                         |                         |
| Discount rate - 0.5% basis points | 7.10%                   | 5.73%                   |
| Discount rate +0.5% basis points  | 6.10%                   | 6.73%                   |
| obligation would:                 |                         |                         |
| increase by'                      | 4,37,987                | 3,82,316                |
| decrease by                       | (4,17,315)              | (3,63,646)              |
| <b>Escalation rate</b>            |                         |                         |
| increase by' + 0.5% basis points  | 6.0%                    | 6.00%                   |
| decrease by 0.5% basis points     | 5.0%                    | 5.00%                   |
| obligation would:                 |                         |                         |
| increase by'                      | 3,79,371                | 3,41,867                |
| decrease by                       | (3,95,023)              | (3,27,922)              |

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, 2022**

**Note 38**  
**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, 2022      | March 31, 2021      | March 31, 2022   | March 31, 2021   |
| <b>Total segment result</b>     |                     |                     |                  |                  |
| External sales                  | 56,63,69,608        | 39,61,79,348        | 24,39,495        | 40,35,280        |
| Unallocable Corporate Income    | 2,80,43,096         | 3,56,94,728         | -                | -                |
| <b>Total Revenue</b>            | <b>59,44,12,704</b> | <b>43,18,74,076</b> | <b>24,39,495</b> | <b>40,35,280</b> |
| Purchase of Stock-in-Trade      |                     |                     | 26,19,184        | 42,20,134        |
| Employee benefits expense       | 29,90,08,722        | 25,13,83,002        |                  |                  |
| Unallocated Finance Costs       | 37,06,326           | 57,51,479           |                  |                  |
| Unallocated Other expenses      | 20,72,99,321        | 13,75,82,628        |                  |                  |
| Depreciation                    | 1,27,59,125         | 1,05,77,511         |                  |                  |
| <b>Profit before income tax</b> | <b>7,16,39,210</b>  | <b>2,65,79,456</b>  | <b>-1,79,689</b> | <b>-1,84,854</b> |

**(c) Segment revenue**

The segment revenue is measured in the

|                              | Consulting Income   |                     | Trading Income   |                  |
|------------------------------|---------------------|---------------------|------------------|------------------|
|                              | March 31, 2022      | March 31, 2021      | March 31, 2022   | March 31, 2021   |
| India                        | 43,80,67,067        | 31,53,42,050        | 24,39,495        | 40,35,280        |
| Kuwait                       | 8,54,77,891         | 6,80,70,765         |                  |                  |
| Others                       | 4,28,24,649         | 1,27,66,533         |                  |                  |
| <b>Total segment revenue</b> | <b>56,63,69,608</b> | <b>39,61,79,348</b> | <b>24,39,495</b> | <b>40,35,280</b> |

**Disclosure of revenue with single customer more than 10%**

| Customers                                      | Consulting Income |                | Trading Income |                |
|--|-------------------|----------------|----------------|----------------|
|  | March 31, 2022    | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| The Kuwait Oil Company                         | 7,46,89,150       | 6,57,06,131    |                | -              |
| Bharat Heavy Electricals Limited               | 5,49,77,446       | 4,39,86,342    |                |                |
| Cholamandalam MS General Insurance Company Ltd | 1,97,81,350       | 1,56,76,015    |                | -              |

**(d) Segment assets**

Segment assets are measured in the same

| Segment Name                                 | March 31, 2022      |                     | March 31, 2021      |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Segment assets      | Non current assets  | Segment assets      | Non current assets  |
| Consulting                                   | 35,72,34,432        | 5,02,75,947         | 27,05,34,988        | 5,48,66,954         |
| Trading                                      |                     |                     |                     |                     |
| <b>Total segment assets</b>                  | <b>35,72,34,432</b> | <b>5,02,75,947</b>  | <b>27,05,34,988</b> | <b>5,48,66,954</b>  |
| Unallocated:                                 |                     |                     |                     |                     |
| Investments                                  |                     | 16,46,309           |                     | 16,46,309           |
| Deferred tax assets                          |                     | 97,46,000           |                     | 1,19,02,000         |
| Current Tax                                  |                     | 9,53,19,265         |                     | 11,07,67,730        |
| <b>Total assets as per the balance sheet</b> | <b>35,72,34,432</b> | <b>15,69,87,521</b> | <b>27,05,34,988</b> | <b>17,91,82,993</b> |

\* 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, 2022**

**Note 38**  
**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, 2022      |                         | March 31, 2021      |                         |
|---|---------------------|-------------------------|---------------------|-------------------------|
|   | Segment Liabilities | Non current Liabilities | Segment Liabilities | Non current Liabilities |
| Consulting  | 13,92,67,979        | 6,20,84,710             | 9,44,37,932         | 9,06,45,193             |
| Trading   | 17,65,310           | -                       | 41,99,875           | -                       |
| <b>Total liabilities as per the balance sheet</b> | <b>14,10,33,289</b> | <b>6,20,84,710</b>      | <b>9,86,37,807</b>  | <b>9,06,45,193</b>      |

**Note 39**  
**Corporate social responsibility (CSR)**



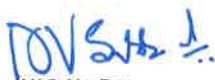


As per Section 135 of the Companies Act, 2013 ("the Act"), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit computed as mandated by the Act for the immediately preceding three financial years on CSR activities. The areas of CSR activities that we have 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 8,76,000/- and there was no amount unspent during the year.

Amount spent during the year on : 2021-22

| Particulars                               | In cash  | Yet to be paid in cash |
|---|----------|------------------------|
| 1. Construction /acquisition of any asset | -        | -                      |
| 2. On purposes other than (1) above       | 8,76,000 | -                      |

Amount spent during the year on : 2020-21

| 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 | -                      |

|   |   |   |
|---|---|---|
| For Brahmaya & Co.<br>Chartered Accountants<br>Firm Registration No.000511S   | <br>V Suryanarayanan<br>Director     | <br>Sridharan Rangarajan<br>Director |
| <br>P. Babu<br>Partner<br>Membership No.203358 | <br>N V Subba Rao<br>Chief Executive | <br>Naoki Takeda<br>Director          |
| Place: Chennai<br>Date: 27-April-2022   | <br>M. Sundar<br>Company Secretary   |   |

