

**WITH  
YOU  
WHEN  
YOU  
NEED  
US  
THE  
MOST**



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## Cautionary Statement

Certain expectations and projections regarding the future performance of the Company referenced in this annual report constitute forward-looking statements. These expectations and projections are based on currently available competitive, financial and economic data, along with the Company's operating plans and are subject to certain future events and uncertainties, which could cause actual results to differ materially from those indicated by such statements. We undertake no obligation to publicly update any forward-looking statements in this report, whether as a result of new information, future events or otherwise.

# WITH YOU WHEN YOU NEED US THE MOST

There is only one thing that you can be certain of - Uncertainty. It hides at every turn of your life, and catches you off-guard. Most of the times when you are in for a rude surprise, you wish for a friend who can be your redeemer. It is here that Chola MS intercedes and fulfils your aspirations. Like a faithful friend, we are **with you when you need us the most**, such as during the time of crisis and mishaps like accidents, sickness and property-related loss etc. Through our timely intervention, we ensure that we provide hassle-free insurance to our customers and provide them with security.

Our customer-centric approach is progressive in nature wherein we prepare them for future challenges by equipping them with the best of insurance products. **T3** which represents our philosophy is **Trust, Transparency and Technology**. **Trust** is the one common thread that binds us with all our stakeholders. We strive to maintain trust worthy relationships. Our work entails an evolved, and **transparent** process, underlined with the state-of-the-art **technology** that helps us stay ahead of the curve. With assorted product offerings in the general insurance segment, we provide our customers with insurance to suit their specific needs.

Innovation and digitalization are key enablers and we, at Chola MS, emphasize on value creation and value-addition. We seek to consistently grow by enhancing our process and practices to service the customers better. We firmly adhere to the practice of Happy Customer and Happy Company, and believe in achieving performance par excellence across the value chain and businesses.

**“We are there with you when you need us the most”**





# FROM THE CHAIRMAN'S DESK

Amidst all these developments, it is heartening to note that Chola MS grew by 30% over the previous year and has increased its market share to 3.10%.

*Dear Shareholders,*

The Indian economy continues to grow and despite weak private investment and stresses in the banking sector, all fiscal and monetary parameters have been stable over the year 2017-18. Business sentiment continues to be largely positive and the effect of reforms slowly making a good impact.

The insurance industry has picked up the pace and has started exhibiting a strong growth potential. Two major public sector units in the field of insurance, the New India Assurance and General Insurance Corporation of India came with IPO's and got their equity shares listed on the Stock Exchanges. This could pave way for other insurance companies in the general insurance sector to launch their IPO's.

During Financial Year 2018, the General Insurance Sector grew by 17% over the previous year. The size of general insurance industry increased to ₹ 1,333 billion (excluding Standalone Health) due to the increase in the premium of health, motor and crop insurance. The Pradhan Mantri Fasal Bima Yojana (PMFBY), through the introduction of crop insurance schemes, has given an up-lift to the insurance sector. The scheme insures farmers against an extensive range of external risks, such as droughts, dry spells, floods, inundation, pests and diseases, landslides, natural fire and lightning, hailstorms, cyclones, typhoons, tempests, hurricanes and tornadoes and also covers post-harvest losses. Rise in the income levels, low-insurance penetration and increasing consumer awareness have contributed immensely towards growth of the sector. The announcement of the 'National Health Protection Scheme' in the budget is expected to give a further fillip to the health insurance business in the years to come.

Amidst all these developments, Chola MS grew by 30% over the previous year and has increased its market share to 3.10%. We have also been able to secure corporate agency linkages with a good number of Banks/NBFC's and our established capability to leverage these relationships across channels has yielded us good results.

During the last financial year, the industry witnessed extensive use of digital technology. This disruption in the business environment brought about by digital technology has encouraged us to reinvent

ourselves and we are focusing on empowering our employees and Channel partners by training them and making them more technology-enabled, with a view towards providing more efficient customer service. The ongoing digital transformation at our company has enabled our various stakeholders viz, agents and customers, bancassurance partners, surveyors etc., experience the ease of doing business with us in addition to the reduction of Turn Around Time (TAT) of various processes. Apart from improving TAT, the digitization initiatives have provided our channel partner a sense of empowerment, resulting in an enhanced level of loyalty.

With a focus on customer centricity, being exposed to the best of global practices from MSI and adhering to the guiding principles of both MSI and Murugappa Group, has steered us towards making substantial progress in achieving our vision of becoming a reliable and reputed player in the General Insurance Industry.

We continue to win the trust and support of our esteemed customers due to our commitment to protect their risks and addressing their requirements, with utmost diligence. We look forward to serving our customers and assure them hassle-free services through a gamut of high-quality products and technology-enabled processes.

Chola MS always believed and practiced the fact that an able leadership and a strong corporate governance system plays a critical role in the developing the ability of the company to effectively focus, develop and create value for its shareholders, customers, employees and the communities wherever they do business. My appreciation and best wishes to the entire Chola MS team.

I am confident that Chola MS will continue to prosper and live up to the expectations of Murugappa and Mitsui Sumitomo Group and other stakeholders.

I take this opportunity to express my sincere thanks to all the stakeholders, associates and staff members for their valuable contribution in driving the Company towards greater success.

Warm Regards,  
**M M Murugappan**

# FROM THE MANAGING DIRECTOR'S DESK

Moreover, with the core values of Trust, Transparency & Technology being intact in our DNA, we are committed to give our customers the much-needed 'Peace of Mind' by protecting them from financial risks.



*Dear Shareholders,*

FY 2017-18 was an eventful year for Chola MS; we crossed new milestones, celebrated our 15<sup>th</sup> anniversary, forged new partnerships and made good strides in the area of digitization.

During the year, our Gross Direct Premium reached ₹ 41,026 Mn, a year-on-year growth of 31% (ex-crop of 26%). We have grown in excess of 25% for the 3<sup>rd</sup> consecutive year and increased our market share to 3.1% (PY: 2.76%), ranking 7<sup>th</sup> amongst private non-life insurers. We have grown well in all our existing partnerships and have witnessed good traction in volumes from our newly acquired partnerships. I am pleased to inform you that Chola MS signed a Corporate Agency agreement with Union Bank of India, which is in addition to existing banca relationship.

Our Combined Ratio was 100.79% compared to 101.25% in the previous year. In terms of profits, we achieved Profits before Taxes of ₹ 3,466 Mn and our results were supported with a robust investment income of ₹ 4,891 Mn during the year, with a corpus of over ₹ 63 Bn. Our Return on Equity stood at 20.5%.

The Board of Chola MS has recommended a dividend of 6% for the second consecutive year.

During the year, the Gross Direct Premium of non-life insurers (excluding standalone health insurers) was ₹ 1,332 Bn, i.e., a growth of 17% (ex-crop 16%) compared to the previous year. The market share of public sector insurers stood at 51%, while the share of private sector insurers constitutes 49%. The Government crop insurance scheme, 'Pradhan Mantri Fasal Bima Yojana', contributed ₹ 250 Bn of premium to the industry and has grown by 19% compared to the previous year.

The Government announcement of a National Health Insurance scheme for our citizens under Pradhan Mantri Rashtriya Swasthya Suraksha Mission (PMRSSM) augurs well for the growth of the general insurance industry. Looking ahead, the growth in the General Insurance industry is expected to sustain at 15% p.a. The increase in Motor Third-Party premiums and limits of Income Tax deduction for health insurance premiums for the senior citizens shall support and sustain the growth of the non-life insurance industry. Furthermore, we believe that the proposed amendments of the Motor Vehicle Act will be beneficial to the industry.

In our endeavour to completely transform Chola MS digitally, we have implemented mobility solutions to achieve automation in

the areas of risk evaluation, underwriting, claims and renewals management. We have completed several Proof of Concepts (POC) in the areas of Telematics, Analytics and Wellness initiatives for our health insurance customers.

Several fast-growing technology trends of InsurTechs, such as Artificial Intelligence, Robotic Process Automation, wearables, usage of drones in the assessment of claims and Blockchain technologies are impacting the insurance industry in India. We are evaluating the opportunity and shall make the required investments to implement these in our value chain.

To align with our aspirations of business growth, Chola Insurance Academy was launched in partnership with Manipal Global Academy of BFSI for talent recruitment and development.

In line with Murugappa Group's values and traditions, Chola MS continuously strives to bring in a positive change in the society through its social endeavours. We have spent ₹ 47 Mn in Corporate Social Responsibility activities across various programmes, including promotion of education, rural development, road safety and protection of art & culture.

Staying in sync with our Vision, Mission and core values we shall be passionately driving ourselves to be the preferred choice amongst our customers, business partners and employees. Moreover, with the core values of Trust, Transparency & Technology being intact in our DNA, we are committed to give our customers the much-needed 'Peace of Mind' by protecting them from financial risks.

I express my gratitude to our customers, regulators, business partners, intermediaries, reinsurers, vendors and everyone at Chola MS for the hard work they have put in to achieve this.

I would also like to take this opportunity to especially thank our shareholders, TI Financial Holdings Limited and MSI, Japan, for their valuable support and faith in us.

Lastly, my appreciation and thanks to the team of Chola MS for their continued dedication and commitment.

We believe that Chola MS is in a good position to sustain its growth trajectory; therefore, we re-dedicate ourselves to our motto 'Accelerated Growth with Profitability' and continue to contribute in nation building.

Best Regards,  
**S S Gopalathnam**

# PROFILE OF DIRECTORS

Mr. M M Murugappan is the Executive Chairman of the Murugappa Corporate Board. He holds a Bachelor's degree in Chemical engineering from the AC College of Technology, University of Madras and a Master's degree in Chemical Engineering from the University of Michigan, USA. He is also the Chairman of Tube Investments of India Limited, TI Financial Holdings Limited, Coromandel International Limited, Wendt India Limited, and Carborundum Universal Limited. He is on the Boards of several companies including Mahindra & Mahindra Limited, Ambadi Investments Limited and Cyient Limited. He served on the Board of Governors of IIT Madras for Six years till November 2011. He now serves on the Board of the IIT Madras Research Park. He is a trustee of AMM Foundation and is actively involved in the Foundation's activities particularly in the area of education.



**Mr. M M Murugappan, 62 years,  
Chairman (DIN: 00170478)**



**Ms. Shubhalakshmi Panse, 64 years,  
Independent Director (DIN: 02599310)**

Ms. Panse is a M.Sc. graduate from Pune University, CAIIB (Certified Associate of the Indian Institute of Bankers) and holds DBM (Diploma in Business Management), MMS (Masters in Management Sciences with specialization in Financial Management) from Pune University and MBA in Bank Management from Drexel University, USA. She has around four decades of experience in the field of Banking. Ms. Panse has served as Chairperson cum Managing Director of Allahabad Bank, Chairperson of ALLBANK Finance Limited and the Executive Director of Vijaya Bank Limited. She is on the Boards of various companies including Federal Bank Limited, IL & FS Investment Managers Limited, TI Financial Holdings Limited, Atul Limited, Sudharshan Chemical Industries Limited, PNB Housing Finance Limited. Ms. Panse joined the Board of Chola MS in March 2015.

Mr. N S R Chandra Prasad is a commerce graduate from Andhra University, Fellow member of Insurance Institute of India and Certified Associate of the Indian Institute of Bankers by qualification. He has over 38 years of experience in insurance industry and has held key positions in Marketing, Operations, Technical, Reinsurance, Personnel & Training both in India and overseas. He has served as the Chairman cum Managing Director of National Insurance Company Limited and Managing Director of Prestige Assurance Plc, Lagos (Nigeria). He had held directorships in various companies including GIC Re, New India Assurance Co. Ltd., India International Insurance, Singapore, Globe Re PLC, Lagos (Nigeria), Pensure PFA, Lagos, Health Insurance TPA of India Limited. He is a Director on the Boards of GIC Housing Finance Limited and Kshema Holdings Private Limited. Mr. Prasad joined the Board of Chola MS in July, 2015.



**Mr. N S R Chandra Prasad, 64 years,  
Independent Director (DIN: 01386757)**



**Mr. Margam Rama Prasad, 65 years,  
Independent Director (DIN: 01637947)**

Mr. Margam Rama Prasad holds Masters degree in Statistics and is an Associate member of Insurance Institute of India. Mr. Prasad is a former Wholetime member of Insurance Regulatory and Development Authority of India in Non Life Insurance. He has over 40 years of experience in insurance sector. He was an Ex-Officio member in the Reinsurance Committee of International Association of Insurance Supervisors, the Governing Councils of Insurance Information Bureau and in Institute of Insurance and Risk Management. Mr. Margam Rama Prasad served as Chairman of General Insurance Council of India. He had held Directorships in The Thana Electric Supply Company Limited, GIC Housing Finance Limited, SHCIL Services Limited, Institute of Insurance and Risk Management, Indian Institute of Insurance Surveyors and Loss Assessors.

Mr. Srinivasan is a Graduate in Commerce and is a member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He has over 34 years of varied experience in the areas of corporate finance, legal, projects and general management. Mr. Srinivasan is the Lead Director - Financial Services business of Murugappa Group, Member of Murugappa Corporate Advisory Board. He is a Director on the Boards of TI Financial Holdings Limited, Cholamandalam MS Risk Services Limited, Cholamandalam Health Insurance Limited, White Data Systems India Private Limited and is the Managing Director of Cholamandalam Investment and Finance Company Limited. Mr. Srinivasan joined the Board of Chola MS in August 2007.



**Mr. N Srinivasan, 60 years,**  
Non-Executive Director (DIN: 00123338)



**Mr. Tamaki Kawate, 56 years,**  
Non-Executive Director (DIN: 07496365)

Mr. Kawate holds Bachelor's degree in Economics. He is currently the Managing Executive Officer of Mitsui Sumitomo Insurance Company Limited. He was previously the Executive Officer, President and CEO of MSIG Holdings (Americas) Inc. Mr. Kawate is a director on the Board of Cholamandalam MS Risk Services Limited and joined the Board of Chola MS in April 2016.

Mr. Gopalarathnam is a Commerce graduate, a fellow member of the Institute of Cost Accountants of India and has done an advanced management program in Harvard University. He has been associated with the Murugappa Group for nearly 39 years since 1979 in various leadership roles. He spent 21 years in Tube Investments of India Limited in various roles like Finance, Exports and Business operations and was head of Corporate & strategic planning at the Murugappa Group for 1-1/2 years and is a founder member of Cholamandalam MS General Insurance Company Limited from the inception since 2001 and has been on the Board since April, 2008. Mr. Gopalarathnam is a director on the Board of Cholamandalam MS Risk Services Limited and Cholamandalam Health Insurance Limited.



**Mr. S S Gopalarathnam, 59 years,**  
Managing Director (DIN: 02060399)



**Mr. Takahiko Shibakawa, 56 years,**  
Wholetime Director (DIN: 07099972)

Mr. Takahiko Shibakawa holds Bachelor's degree in Economics from Kobe University. He is currently an Associate Director of Mitsui Sumitomo Insurance Company Limited. Mr. Shibakawa has over 34 years of experience in general insurance industry and is in the Board of Cholamandalam MS Risk Services Limited. Mr. Shibakawa joined the Board of Chola MS in April 2015.

# LEADERSHIP TEAM



**V Suryanarayanan**  
President - Technical



**S S Gopalarathnam**  
Managing Director



**Takahiko Shibakawa**  
Wholetime Director



**Vedanarayanan Seshadri**  
President - Marketing and  
Customer Service



**Takashi Kishi**  
Executive Vice President  
& Head - Japan & Korea  
Division



**S Venugopalan**  
Chief Financial Officer



**Suresh Krishnan**  
Chief Compliance Officer &  
Company Secretary



**M Ramani**  
Chief Information  
Officer



**N V Murali**  
Chief Investment  
Officer



**Shailen Merchant**  
Head - Human  
Resources



**Aishwarya Saxena**  
Chief Digital Officer



**S K Rangaswamy**  
Chief Risk Officer &  
Head - Internal Audit



**R Arunachalam**  
Appointed Actuary



# FINANCIAL HIGHLIGHTS

₹ million

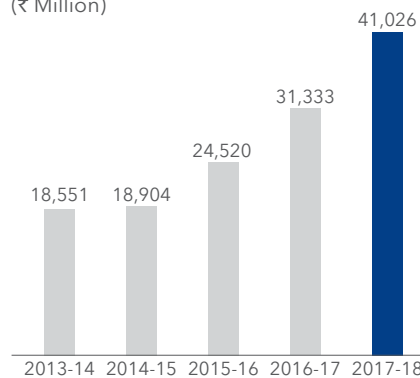
Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Gross Written Premium- Direct	5,223	6,854	7,849	9,680	13,465	16,209	18,551	18,904	24,520	31,333	41,026
Net Earned Premium	2,489	3,854	4,623	6,274	8,691	11,674	14,314	14,821	16,908	22,481	28,238
PBT	105	118	19	(226)	155	890	1,015	2,007	2,131	2,971	3,466
PAT	72	70	24	(229)	191	602	701	1,371	1,479	2,081	2,426
Networth	1,434	1,475	2,793	2,570	3,257	4,359	5,824	7,190	8,529	10,751	12,961
Fixed Assets (net)	230	281	140	289	359	496	577	617	615	691	703
Investment portfolio	3,300	3,648	5,721	9,661	12,573	17,242	23,282	31,646	38,607	48,919	63,627
Earnings per Share (₹)	0.51	0.49	0.11	(0.86)	0.69	2.08	2.37	4.59	4.95	6.97	8.12
Book value per Share (₹)	10.10	10.39	10.46	9.63	11.48	14.93	19.49	24.06	28.54	35.98	43.38

PBT - Profit before tax

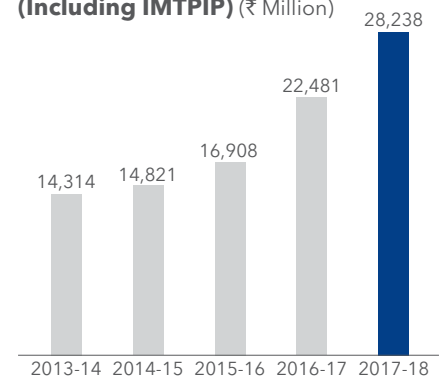
PAT - Profit after tax

## KEY FINANCIAL INDICATORS

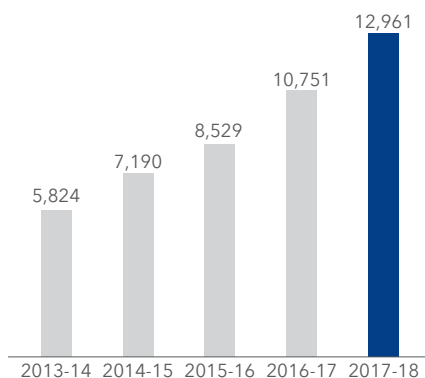
Gross Written Premium - Direct  
(₹ Million)



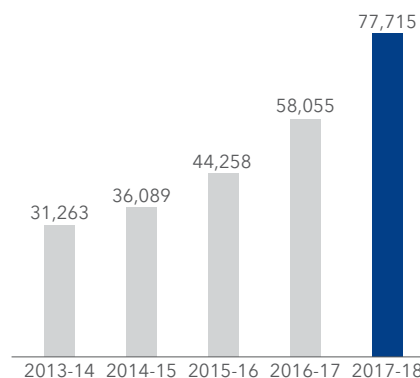
Net Earned Premium  
(Including IMTPIP) (₹ Million)



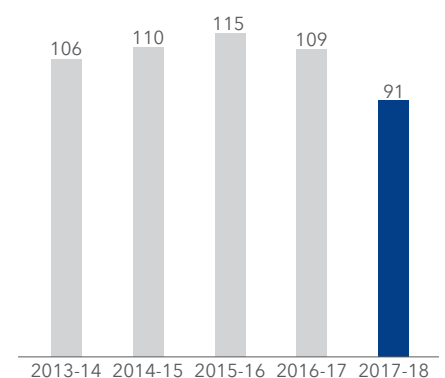
Net Worth  
(₹ Million)



Total Assets  
(₹ Million)



Branch Network  
(No. of Branches)



# CORPORATE SOCIAL RESPONSIBILITY

In keeping with the Murugappa Group practice for community service and philanthropic activities, Chola MS strives to work in a focused manner to create positive social impact.

Amongst the various projects this year, Chola MS contributed to furthering road safety awareness, education and empowerment of physically challenged. Few key projects are:

## Interventions at Accident black spots in Chennai city for creating road safety awareness



Placement of rumble strips and cat eyes in accident prone zone

Installed sign boards on road in accident prone zone

## Road safety awareness among MTC bus drivers through campaigns



Providing special training to MTC drivers for the safety

Hazard quiz program

## Mobile Toy Van for education of School Children



Mobile Toy Van shuttles from village to village in Tamil Nadu equipped with about 250 educational and scientific toys & games

The van covers various districts, block-wise with each block having more than 100 schools.

## Distribution of wheel chairs to persons with disability from economically weaker sections, enabling them to empower themselves.



Providing wheel chairs to the needy

Free distribution of wheel chairs to needy handicapped persons

## Adopting school to provide basic facilities



Adopting the school at Walajabad, Tamil Nadu

Students in library



Re-constructing of toilet facilities

Employees involvement in the games with students

# AWARDS RECEIVED DURING THE FINANCIAL YEAR



**Golden Peacock Award  
- Risk Management**

Chola MS was conferred the coveted 'Golden Peacock Award 2017' for Risk Management Organized by "Institute Of Directors"



**Pride of Tamil Nadu Award for BFSI  
(Banking, Financial Services and Insurance) Sector**

Chola MS was conferred with the Pride of Tamil Nadu Award for General Insurance category for its performance, growth, market innovation, customer service and technology



**Dream Companies to work for in  
Private Insurance Sector**

Chola MS was named as one of the Dream Companies to work for in Private Insurance Sector 2017 presented by Times Ascent



**Best CSR Practice**

Chola MS was conferred with the "BEST CSR PRACTICE" Award. The award recognises the company for its continuous contribution to CSR activities

# CORPORATE INFORMATION

## Board of Directors

M M Murugappan	Chairman
Shubhalakshmi Panse	Director
N S R Chandra Prasad	Director
Margam Rama Prasad	Director
N Srinivasan	Director
Tamaki Kawate	Director
S S Gopalarathnam	Managing Director
Takahiko Shibakawa	Wholetime Director

## Company Secretary

Suresh Krishnan	Company Secretary & Chief Compliance Officer
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## Top Management Team

S S Gopalarathnam	Managing Director
Takahiko Shibakawa	Wholetime Director
V Suryanarayanan	President - Technical
Vedanarayanan Seshadri	President - Marketing and Customer Service
Takashi Kishi	Executive Vice President & Head - Japan & Korea Division
S Venugopalan	Chief Financial Officer
S K Rangaswamy	Chief Risk Officer & Head - Internal Audit
M Ramani	Chief Information Officer
Shailen Merchant	Head - Human Resources
N V Murali	Chief Investment Officer
Aishwarya Saxena	Chief Digital Officer
R Arunachalam	Appointed Actuary

## Auditors

**M/s. Sharp & Tannan,**  
Chartered Accountants  
Parsn Manere, 'A' Wing, 602, Anna Salai, Chennai-600 006

**M/s. R.G.N Price & Co.,**  
Chartered Accountants  
Simpsons Buildings, No. 861, Anna Salai, Chennai - 600 002

## Registered Office

CIN: U66030TN2001PLC047977  
Dare House, II Floor, N.S.C. Bose Road, Parrys, Chennai - 600 001  
Phone: 91-44-30445400, Fax: 91-44-30445550, Toll Free No. 1800 200 5544  
Website: [www.cholainsurance.com](http://www.cholainsurance.com)

# Directors' Report to Members

Your directors have pleasure in presenting the seventeenth annual report together with the audited financial statements of the Company for the year ended March 31, 2018.

## FINANCIAL HIGHLIGHTS

Particulars	(₹ million)	
	2017-2018	2016-2017
Gross Written Premium (GWP)		
a) Direct	41,026	31,333
b) Reinsurance Acceptance	103	92
<b>Total GWP</b>	<b>41,129</b>	<b>31,425</b>
Net Earned Premium	28,238	22,481
Net Claims Incurred	20,484	16,390
Net Commission and expense of management	9,015	7,283
Investment Income (PH)	4,364	3,699
Operating Profit	3,103	2,507
Investment Income (SH)	530	513
Other Expenses	167	49
<b>Profit before tax</b>	<b>3,466</b>	<b>2,971</b>

## INDUSTRY SCENARIO

The Gross Direct Premium of non-life insurers (excluding Standalone Health) is reported at around ₹1,333 billion, a growth of around 17% over the previous year. The market share of public sector companies was 51% and the private sector companies with a year-on-year growth of 22% constituted 49%. The Crop Insurance Scheme launched by Government of India called "Pradhan Mantri Fasal Bima Yojana" (PMFBY) has resulted in significant increase in Crop insurance premium to ₹ 250 billion (including Agricultural Insurance Corporation), a growth of 12% over previous comparable period. Motor, Health and Fire segments continued to constitute a significant portfolio at about 70%.

The growth in Health insurance lines of business (including Standalone Health insurers' volume) was at 18% in FY 2017-18 compared to 14% in FY 17.

## SUMMARY OF COMPANY PERFORMANCE

The Company achieved a Gross Written Premium (GWP) of ₹ 41,026 million registering a robust growth rate of about 30.94% over the previous year. The Company's market share as at March 31, 2018 was 3.1% (among general insurance companies). The growth was driven by new partnerships secured during the year, strong growth achieved in proprietary channels in Tier 2, 3 and 4 towns, growth in crop insurance and through volume scale up in state owned banks.

Together with investment income, the Company recorded its highest ever operating profits. Profit before tax increased from ₹ 2,971 million to ₹ 3,466 million for the year ended March 31, 2018.

## BUSINESS OPERATIONS

Growth in business operations continued to be driven by strong performance in all Retail channels and expansion in Government

business through the Company's participation in the PMFBY programme and Crop insurance programme. The Company added around 2.2 million retail customers during the year which constitutes a growth of 32% over the previous year.

Partnership distribution channels grew by 23% with substantial scale up in business from new distribution arrangements which were tied up during the year under review. Business teams successfully leveraged its bancassurance expertise and significantly enhanced its customer base through the large bank branch network.

Proprietary distribution grew by widening of distribution reach into Tier 3 and Tier 4 towns through a digitally enabled model providing an enhanced customer experience, strong performance in OEM partnerships and continued growth in existing distribution partnerships. The Company continued to implement its strategy of growing in preferred geographies and product lines. The Company plans to continue its thrust on building distribution through its digitally enabled model in select unserved markets across the country in a phased manner in FY 2018-19.

Pursuant to the Government of India's drive to increase the penetration of Crop insurance in the country, the Company bid for and won business in several clusters across the states of Odisha, Bihar, Telangana and Madhya Pradesh. In addition, the Company continued its participation in State Government sponsored Health/Accident insurance programs in the state of West Bengal.

## DIVIDEND

Your Directors are pleased to recommend a dividend of 6% (₹ 0.60/- per equity share of ₹ 10/-each).

## TRANSFER TO RESERVES

An amount of ₹ 1500 million is proposed to be transferred to General Reserve for the FY 2017-18.

## UNDERWRITING

The Company made an underwriting surplus in all lines excepting motor third party and crop sub-segments. The Company, with its thrust on retail risks, continues to adopt prudent underwriting strategies and processes.

### (A) Motor

Motor Premium registered a growth of 21.94% to ₹ 26,407 million in FY 2017-18 constituting 64.37% of the portfolio. The composition of private cars in the portfolio increased. Thrust on volumes from preferred sub-segments of cars and commercial vehicles (both goods and passenger carrying) helped in improving the overall portfolio. During the year, process improvements with use of technology was implemented by way of (a) Mobile App for cover of vehicles with "break-in-insurance" (b) integration with external authenticated web-sites for fetching vehicle data (c) integration with GI Council portal for IDV. These resulted in substantive speed of response and improved channel satisfaction. In motor third party, the premium insufficiency still exists in several sub-segments though in such categories, premium revision has been happening continuously.

## (B) Commercial Lines

**Fire:** In the backdrop of bancassurance tie-ups with banks, the fire portfolio grew by 38.76% to ₹ 3,254 million in FY 17-18 constituting 7.93% of the portfolio. Technology adoption by way of enabling the TAB based usage of Unified Raters for bancassurance tie-ups helped in easier acceptance and processing of policies of over 45,000 numbers a month. Continued underwriting discipline with prudence in risk selection (preferred occupancies contributing to 86% of fire portfolio), together with dispersed risks across geographies resulted in the growth of the underwriting surplus in the portfolio. Premium rates, especially for medium and large risks, continue to be low necessitating an industry-wide conscious implementation of minimum rates and enhanced deductibles to render economic viability for both insurers and reinsurers.

**Engineering:** Premium growth in engineering portfolio grew by 13.53% to ₹ 275.69 million in FY17-18 with annual policies contributing to more than half the portfolio. The portfolio continues to make an underwriting surplus.

**Marine:** Marine portfolio premium was at ₹ 712 million attaining a marginal growth of 4.14%. The portfolio continues to make an underwriting surplus.

## (C) Health and Accident

Health and accident portfolio premium grew by 43.15% to ₹4,701 million in FY17-18 with good growth in both the health and accident segments. The Company continues to be very selective in corporate group health segment. The portfolio continues to make an underwriting surplus.

## (D) Crop Insurance

During the year, the Company won clusters in the states of Bihar, Odisha, Telangana and Madhya Pradesh in Rabi and Kharif seasons recognizing a premium of ₹ 5,011 million. The Company follows prudent underwriting processes with respect to premium pricing of clusters with its multi-level filters of parameters. The inadequate monsoon in some districts impacted the crop yields adversely. The Company pursues rigorous audit of enrolment documentation to weed out duplication / overstatement of coverages. Pending completion of this exercise, the Company estimates its loss ratio for the season at 95%.

## CLAIMS

The year under review witnessed claims management function significantly stepping up speed of disposal while handling larger volumes, higher efficiency & productivity through automation etc., and controls on severity. The net claims ratio stood at 72.54% in FY 2017-18 (Previous year: 72.91%) with severity controls being driven by specific programs that yielded good results.

Key highlights include:

- Outstanding claims over 90 days across lines were lower than the previous year with improved metrics on disposal in motor own damage, health and commercial lines claims etc., drawing appreciation from all tied-up channels;
- Implementation of GST related requirements across all claims modules with necessary integration;
- Stepping up of negotiated settlements in motor third party

claims to over 14,283 numbers. On settled cases basis, the Company had a negotiated settlement level of 84% in FY17-18. The company also secured 1,406 exonerations relieving the Company of liability.

- Strengthening of the investigation framework for motor OD, motor TP and health claims including the implementation of fraud analytics in Motor Own Damage claims.
- Additions to the network of hospitals and garages expanding the service network for the policyholders - over 7,500 hospitals and 5,600 garages;
- Improved automation in claims functioning and business intelligence facilitating real time analysis and decision making;
- Strong quarter-on-quarter reduction in customer complaints on claims servicing.

The Company will continue to focus on harnessing efficiencies for severity control across all lines, automation for speed and operational controls, proactive approach to servicing for building transparency and satisfaction levels of customers.

## REINSURANCE

In the wake of global catastrophe losses (Harvey, Irma, Maria), the international reinsurance market hardened. Although India did not witness any major catastrophe event during the year, there were several large risk losses impacting reinsurers leading to significant hardening of terms in the property line of business. The patchy monsoon also resulted in higher loss ratios in crop insurance impacting insurers and reinsurers.

General Insurance Corporation of India (GIC Re) continued to lead all proportional and non-proportional programs except for the agricultural reinsurance programs which are led by Swiss Re. During the year, the Company put in place new reinsurance arrangements by way of (a) voluntary quota share in Motor (Own Damage) to support solvency levels and (b) stop-loss in crop insurance. The Company successfully negotiated and completed the RI placements for FY 2018-19 diversifying the panel with the addition of new reinsurers in all proportional treaties. Non-proportional treaties were also placed in the market at competitive terms.

## INVESTMENTS

The Company's investment portfolio including motor pool investments grew to ₹ 63,627 million as at March 31, 2018 (Previous year: ₹ 48,918 million). The prudent investment management policy with its emphasis on the objectives of safety, liquidity and optimizing yield despite volatile market conditions helped in growing the investment income and in securing a gross yield of 8.90% (Previous year:10.03%). The average investment portfolio duration was at 3.40 years with adequate liquidity. The unrealized gain on the Investment book stood at ₹ 32 million as at March 31, 2018.

## HUMAN RESOURCES

The manpower strength as on March 31, 2018 was 681.

## Chola Insurance Academy

In order to align with the aspirations of aggressive business growth, the Company availed the services of the newly launched "Chola Insurance Academy" which partnered with Manipal Global Academy of BFSI for talent recruitment and development.

## Employee Engagement

Series of employee engagement activities were organized across all branches which included:

- Employee Rewards and Recognitions in various formats.
- Reinforcement of Core Values and Principles on rededication day through the "Five Lights" viz., Integrity, Passion, Quality, Respect and Responsibility which act as a guide for everyday activities.
- As part of the Health and Wellness campaign health camps were conducted across 5 locations to benefit the employees. 370 employees benefitted from these camps. Coupons from leading health care companies were distributed to all employees to support medical check-ups.
- An Employee Assistance Programme was launched during the year in partnership with Bodhi.
- Employee Study Support Award - Employees were extended financial support in furtherance of their studies in the field of Insurance.

## Learning & Development

- (a) At the beginning of the year, a detailed training program was evolved and each employee was mapped for certain training and development programs, depending on their skill set requirements. During the year an average of 1.03 man days of training per person was achieved.
- (b) E-Learning, an online learning initiative through a special module through Murugappa Group's MDC e-learning platform was launched during the year. The subjects covered included Conflict Resolution, Innovation and Creativity, Change Management and Customer Focus. Apart from these, e-learning modules on Defensive Driving have been launched. More than 200 employees were reached out to with these modules.

## INFORMATION TECHNOLOGY

Financial year 2017-18 was another eventful year with many landmarks in the annals of Chola MS technology journey. Key business enablers included the following:

- (a) Multiple mobility apps viz., Risk Exposure and Rating Scorecard, Crop Cutting Experiment App, Marine Premium Rater App, Call Tracking System App, New and Renewal Lead Management System App, Repairer App, etc. to provide real time digital experience on the go.
- (b) Banking Interface Portals for instantaneous issuance of policies for multiple products viz. Fire including long term, Personal Accident and Health, through partner banks' branches on real time.
- (c) Encryption of all laptops across Chola MS, as an enhanced data protection measure.
- (d) Real time integration with CIBIL, Fast Lane Automation for Vehicle Data, GI council for IDV for Private Cars, leading to increased efficiency level.
- (e) Exclusive portals for POSP and MISP requirements, in accordance with IRDAI guidelines.
- (f) Smooth transitioning to GST regime, covering all software applications, strictly adhering to the timelines prescribed.

- (g) Implementation of Digital Signature for all Chola MS insurance policies.
- (h) Implementation of latest technology based IVRS for the entire call management system, covering both Inbound and Outbound calling.

## HOLDING COMPANY

Pursuant to a scheme of Demerger, the name of the Holding Company was changed from Tube Investments of India Limited to TI Financial Holdings Limited. The nature and extent of shareholding of TI Financial Holdings Limited in the Company remains unchanged.

## SUPPORT FROM MSI

Mitsui Sumitomo Insurance Company Limited (MSI) Japan, the joint venture partner continued to provide support especially in areas of re-insurance, business development with Japanese and Korean (J&K) clients in India, claims processes and training. The Company has been able to make good inroads in the Japanese and Korean companies established in India and expect substantial business in the years to come. Senior employees across functions were sent for training/attending workshops organized by MSI.

## NETWORTH AND SOLVENCY

The paid-up capital as at March 31, 2018 was at ₹ 2,988 million and the networth as at that date was ₹12,961 million. During the year, the Company has not issued any equity shares.

The Company's solvency ratio as at March 31, 2018 was 1.61 times as against the mandated threshold of 1.50 times.

## NON-CONVERTIBLE DEBENTURES

The Company issued and allotted 1000 unsecured, subordinated, fully paid-up, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 (Rupees Ten Lakh Only) each at par, aggregating ₹ 1,000 million on private placement basis.

The debentures carry a coupon rate of 8.75% p.a., payable on a half-yearly basis. The debentures carried a credit rating of CRISIL AA/Stable by CRISIL and ICRA AA (Stable) by ICRA. The debentures have tenure of 10 years and mature on May 25, 2027. The debentures are listed on the Debt Market Segment of National Stock Exchange of India.

In accordance with the provisions of Section 71 of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 and IRDAI (Other forms of capital) Regulations, 2015, an amount of ₹100 million was transferred to the Debenture Redemption Reserve from profit during the financial year.

## ADOPTION OF INDIAN ACCOUNTING STANDARDS

IRDAI, vide its circular dated June 28, 2017, deferred the implementation of Indian Accounting Standards for insurance companies till the financial year 2020-21.

## CORPORATE GOVERNANCE

A report on the corporate governance, including the status of the implementation of norms as per IRDAI circular no. IRDA/F&A/ GDL/ CG/100/05/2016 dated May 18, 2016 is attached as **Annexure A** to this Report.

## BOARD MEETINGS

The Board of Directors meet at regular intervals with an annual calendar of meetings circulated at the beginning of the year. The Board

is regularly briefed and updated on the key activities of the business and is provided with briefings and presentations on operations, quarterly financial statements and other matters concerning the Company. Besides, information about statutory compliance, minutes of Committees of the Board and other information as required under the Companies Act, 2013 and IRDAI Regulations are provided to the directors on a regular basis. The Board, at its quarterly meetings, reviews important regulatory changes.

Dates of the Board meetings are fixed in advance for the full calendar year to enable maximum attendance of Directors. Notice and agenda for Board meetings are given to all Board members at least a week prior to the date of the meeting.

There are eight Committees of the Board, the details of which along with their terms of reference, composition and meetings held during the year, are provided in the Corporate Governance report.

During the year, six board meetings were convened and held, the details of which are given in the Corporate Governance report. The intervening gap between meetings did not exceed 120 days.

#### **AUDIT COMMITTEE**

The Audit Committee comprises of three Independent Directors viz., Mr. Margam Rama Prasad, Ms. Shubhalakshmi Panse and Mr. N S R Chandra Prasad and two Non-Executive Directors viz., Mr. N Srinivasan and Mr. Tamaki Kawate.

The role of the Committee and details of Audit Committee meetings held during the year are detailed in the corporate governance report forming part of this report.

#### **BOARD EVALUATION**

Pursuant to the provisions of Section 134, Schedule IV and the rules made thereunder of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance, the directors' individual performance comprising both self and peer evaluation and the evaluation of Committees viz., Audit Committee, Investment Committee, Risk Management Committee, Policyholder's Protection Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee. The performance evaluation of the Chairman and Non Independent Directors were reviewed by the Independent Directors at their separate meetings held in terms of Schedule IV of the Act.

A structured questionnaire covering various aspects of Board's functioning such as Board's structure, governance, dynamics & functioning and financial reporting process, Internal control and Risk Management was used for this purpose. The Chairman briefed the Board on the evaluation conducted.

#### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

The Board, on recommendation of Nomination and Remuneration Committee, has approved the following criteria / policies in compliance with the provisions of section 178(3) of the Companies Act, 2013.

- Policy for Board nominations including criteria for determining qualifications, positive attributes, independence of a Director; **(Annexure B)**
- Criteria for induction of a person in the senior management positions of the Company; **(Annexure C)**
- Remuneration policy for Directors, Key Managerial Personnel and other employees of the Company **(Annexure D)**.

The above policies are attached as Annexure B, C and D to this Report as referred above.

The aforesaid policies have been reviewed during the year to align with the requirements of Guidelines on remuneration to Non-Executive Directors and Managing Director / Chief Executive Officer / Wholetime Directors and Guidelines on Corporate Governance for Insurers issued by IRDAI.

#### **RELATED PARTY TRANSACTIONS**

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. In terms of Section 188 of the Companies Act, 2013, read with the Rules made thereunder, there are no significant related party transactions entered 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. All Related Party Transactions are placed before the Audit Committee for approval. Details of related party transactions are dealt with in note 21 of Schedule 16 to the financial statements.

#### **DIRECTORS**

Mr. Margam Rama Prasad was appointed as an Additional Director (Independent Director) in place of Mr. A V Muralidharan, Independent Director, who ceased to be a director with effect from July 25, 2017.

Mr. M M Murugappan was appointed as an Additional Director (Non-Executive Director) and Chairman in place of Mr. Pradeep V Bhide, Non-Executive Director and Chairman, who ceased to be a director with effect from October 28, 2017.

The shareholders at the 16<sup>th</sup> Annual General Meeting held on July 25, 2017 approved the payment of commission to Non-Executive Directors for further five years effective from 01.04.2018

Mr. N Srinivasan retires by rotation at the ensuing annual general meeting and being eligible, offer himself for re-appointment.

The independent directors have given declarations that they meet the criteria of independence as stipulated under Section 149(6) of the Companies Act, 2013.

#### **KEY MANAGERIAL PERSONNEL**

The Board, at its meeting held on September 25, 2017 appointed, with effect from October 1, 2017, Mr. S Venugopalan as Chief Financial Officer in place of Mr. S K Rangaswamy, who was re-designated as Chief Risk Officer and Head-Internal Audit.

The Key Managerial Personnel of the Company as at March 31, 2018, in terms of the provisions of section 203 of the Companies Act, 2013 are as follows:

- ◆ Mr. S S Gopalarathnam, Managing Director
- ◆ Mr. Takahiko Shibakawa, Wholetime Director
- ◆ Mr. S Venugopalan, Chief Financial Officer
- ◆ Mr. Suresh Krishnan, Company Secretary.

#### **DISCLOSURES UNDER IRDAI GUIDELINES DATED AUGUST 5, 2016**

The qualitative disclosures pertaining to information relating to the design and structure of remuneration, the ways in which risks



are taken into account in remuneration process and the ways in which the Company links the performance are covered in the Remuneration Policy of the Company enclosed as Annexure D to this Report.

The details of quantitative disclosure for remuneration of Managing Director and Whole-time Director are provided below:

Particulars	March 31, 2018
Number of MD/ CEO / WTDs having received a variable remuneration award during the financial year	1
Number and total amount of sign-on awards made during the financial year	NIL
Details of guaranteed bonus, if any, paid as joining / sign on bonus	NIL
<b>Breakdown of amount of remuneration awards for the financial year (₹ in lakh)</b>	
Fixed	229.60
Variable	61.87
Deferred	NIL
Non-deferred	NIL
<b>Total amount of outstanding deferred remuneration</b>	
Cash (₹ in lakh)	NIL
Shares (nos.)	NIL
Shares-linked instruments	NIL
Other forms	NIL

#### STATUTORY AUDITORS

M/s. Sharp and Tannan, Chartered Accountants, and M/s. R.G.N Price & Co., Chartered Accountants, were appointed as the joint statutory auditors of the Company for a period of five years commencing from the conclusion of the fourteenth and fifteenth Annual General Meeting (AGM) till the conclusion of nineteenth and twentieth Annual General Meeting respectively, subject to ratification of such appointment by members at every annual general meeting.

M/s. Sharp and Tannan and M/s. R.G.N Price & Co. have confirmed on the satisfaction of eligibility criteria prescribed under Section 141 of the Companies Act, 2013 and the Rules made thereunder and Corporate Governance Guidelines of IRDAI.

The Board recommends the ratification of appointment of M/s. Sharp and Tannan and M/s. R.G.N Price & Co. as the joint statutory auditors of the Company from the conclusion of seventeenth AGM till the conclusion of eighteenth AGM.

The Report given by the Auditors on the financial statements of the Company is provided in the Annual Report.

#### SECRETARIAL AUDIT

In terms of the requirements of Section 204 of the Companies Act, 2013, M/s. R Sridharan & Associates, Practising Company Secretaries, were appointed as Secretarial Auditors by the Board to conduct secretarial audit for FY 2017-18. The secretarial audit report is appended to this report as **Annexure E**. The secretarial audit report does not contain any qualification or adverse remark.

#### PEER REVIEW OF ACTUARIAL VALUATION

The Company engaged the services of Mr. Saket Singhal, a qualified actuary, who carried out the peer review of the Annual Statutory Actuarial Valuation for the financial year 2017-18 carried out by the Appointed Actuary of the Company.

#### RISK MANAGEMENT

The Company has in place risk management policy and an appropriate risk management system covering various risks that the Company is exposed to, which are discussed and reviewed by the Risk Management Committee of the Board on a quarterly basis.

During the year under review, risk management policy was reviewed by the Risk Management Committee and approved by the Board. The Risk Management Committee also periodically reviews the changes in the risk categorization both in terms of risk improvements as well as risk deterioration and emerging risks in terms of new risks identified.

The Company has established a business continuity management framework for mitigating business disruption risks. The asset liability management is reviewed by the Risk Management Committee of the Board on a quarterly basis. The Board reviews the risk management initiatives undertaken by the Committee every year.

#### INTERNAL CONTROL SYSTEM

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. An annual risk based internal audit plan is drawn up on the basis of risk profiling of the businesses/ departments of the Company which is approved by the Audit committee before the beginning of the respective financial year.

Internal audit of systems and process was conducted by M/s. Grant Thornton, Internal Auditors and the transaction audit was conducted by in-house internal audit team for FY 2017-18. Key observations, recommendations and compliance status of the previous key audit findings of internal auditors are reported to the Audit Committee at its respective quarterly meetings. The Chairman of the Audit Committee briefs the Board on deliberations taken place at the Audit Committee meetings.

The Company has established an in-house Fraud Control Unit (FCU) with adequate resources. Employees are periodically informed of the existence of such a department through mailers, posters etc, and are advised to inform FCU in case they come across any wrongdoings or any activity which goes against the values of the Company or are in fraudulent nature. Quarterly updates on status of investigations by FCU are presented to the Audit Committee. Summary of the frauds reported / detected during the year along with the preventive / corrective action thereon are reviewed by the Board on an annual basis.

#### CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Corporate Social Responsibility (CSR) Committee comprises of Mr. M M Murugappan (Chairman), Mr. Margam Rama Prasad, Mr. S S Gopalathnam and Mr. Takahiko Shibakawa as its members. CSR policy, duly approved by the Board, and in line with the provisions of Section 135 of the Companies Act, 2013 read with Schedule VII and the Rules made thereunder and the Murugappa Group philosophy in place comprising of programs viz., a) providing basic health care facilities to economically backward societies across geographical areas, b) improving access to education, c) eradicating hunger and poverty, through livelihood generation and skill development, d) rural development e) promotion of sports through training of sportspersons and f) supporting environmental and ecological balance through afforestation, soil conservation, rain water harvesting, conservation of flora & fauna, and similar

programme. CSR policy is attached as **Annexure F** to the report and has also been posted on the website of the Company.

The Company had earmarked an amount of ₹ 45.2 million towards CSR spend, and ₹ 46.8 million was spent towards CSR activities as approved by the Committee.

The report on CSR activities is attached as **Annexure G** and is forming part of this report.

#### **AWARDS AND ACCOLADES**

During the year, the Company was recipient of the following awards:

- (a) "Golden Peacock Award – Risk Management". This award was conferred for excellence in Risk Management.
- (b) "Pride of Tamil Nadu Award for BFSI (Banking, Financial Services and Insurance) Sector". This award was conferred for excellence in Insurance Sector.
- (c) "Dream Companies to work for in Private Insurance Sector" organized by "Times Ascent". This award was conferred for excellence in Private Insurance Sector.
- (d) "Best CSR Practice". This award was conferred for best CSR practice by Chennai Leadership Awards.

#### **OUTLOOK FOR 2018-19**

Considering the predictions of a good monsoon and expected high domestic demand and increased consumption, the industry in FY 2018-19 is expected to have a healthy growth. The industry is expected to grow faster with revival in the agriculture and auto sector and the increased growth in the motor, weather and health lines of business.

The Company's brand essence continues to be customer centricity through "Trust, Transparency and Technology".

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS**

There are no significant material orders passed by the regulators/courts / tribunals impacting 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 given loans and guarantees. Investments are made as per the provisions of Insurance Act and IRDAI Regulations.

#### **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.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars required to be furnished in this report under Section 134(3) of the Companies Act, 2013 and the rules made thereunder,

relating to conservation of energy and technology absorption are not applicable for the year under review, and hence not furnished. The foreign exchange earnings and outgo during the year was ₹1,377 million and ₹ 701 million respectively.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

As per 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, 2018 and the Balance Sheet as at that date ("financial statements") and confirm that:

- in the preparation of the annual accounts for the financial year ended March 31, 2018 ("financial statements"), the applicable accounting standards read together with IRDAI Orders / Regulations mandating financial statements related prescriptions 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 (including those with respect to the contingent liabilities more specifically dealt with in Note 7 of Schedule 16 to the financial statements) 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 profits 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. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The audit committee meets at regular intervals.
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and were operating effectively
- the annual accounts have been prepared on a going concern basis.
- systems are in place to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

#### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed as **Annexure H**.

#### **PARTICULARS OF EMPLOYEES**

The disclosure with respect to remuneration as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached and forms part of this report as **Annexure I**.

The statement prescribed under Rule 5(2) and 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.

#### **MANAGEMENT REPORT**

In accordance with Part IV, Schedule B of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations 2002, the Management Report attached as **Annexure J** to this report, forms part of the financial statements.

#### **ACKNOWLEDGEMENT**

The directors wish to thank the Insurance Regulatory Development Authority of India (IRDAI) and other statutory authorities for their continued support and guidance. The Board gratefully

acknowledges the co-operation extended by the policyholders, re-insurers, bancassurance partners, insurance agents, brokers and other constituents/ intermediaries.

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to perform well in a challenging year.

For and on behalf of the Board

April 26, 2018  
Chennai

M M Murugappan  
Chairman

# Report on Corporate Governance

Corporate governance is about commitment to values and ethical business conduct. Corporate governance defines roles, responsibilities and accountabilities. It is also about how an organization is managed and defines the relationships between its corporate and business structure, its culture, policies and its various stakeholders. Key elements in corporate governance are transparency, internal controls, risk management and internal / external communications.

## CORPORATE GOVERNANCE PHILOSOPHY

The Company, a joint venture between the Murugappa Group and Mitsui Sumitomo Insurance Company Limited, Japan, is committed to the highest standards of corporate governance in all its sphere of activities and processes. The Company has always believed in and practised various elements of corporate governance since its inception.

The Board recognizes that, the governance expectations are constantly evolving and it is committed in keeping its standards of corporate governance under review to meet both letter and spirit of the law and its own demanding levels of business ethics.

The Company believes that sound corporate governance practices are crucial to the smooth, effective and transparent operations of a Company and the Company recognises the expectations of all stakeholders in this regard. Everything the Company does is defined and conditioned by the highest standards of governance, which serve its values. The Company is committed to uphold the core values of integrity, passion, responsibility, quality and respect in dealing with all stakeholders of the Company in pursuing its spirit of enhancing corporate governance at all times. The Company continues to focus on building trust with the shareholders, policyholders, employees, customers, vendors and other stakeholders based on the principles of good corporate governance.

The Company firmly believes in and follows the Arthashastra quote,

“The fundamental principle of economic activity is that, no man you transact will lose, then you shall not”.

The corporate governance philosophy of the Company is driven by the following fundamental principles:

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

With customer centricity being the focus area of the Company and T3 – Trust, Transparency & Technology being its motto, the Company strives to keep up with highest standards of corporate governance and this is reflected in the vision of the Company - “to be preferred choice for our clients, business partners and employees through core values of trust and transparency aided by technology”. The Company’s governance framework encompasses not only regulatory and legal requirements but also

several voluntary practices aimed at maximising shareholders’ values legally, ethically and on a sustainable basis.

## BOARD OF DIRECTORS

The corporate governance principles of the Company ensure that the Board remains informed, independent and involved in the Company’s affairs and that there are ongoing efforts to enhance the standards of corporate governance to mitigate non-business risks.

The Board is fully aware of its fiduciary responsibilities and recognises its responsibilities to policyholders, shareholders and other stakeholders to uphold the highest standards in all matters concerning the Company and has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review processes.

The Board provides strategic guidance on affairs of the Company. Directors at Chola MS possess the highest personal and professional ethics, integrity and values and are committed to representing the long-term interests of the stakeholders. The basic responsibility of the Board is to provide effective governance over the Company’s affairs and exercise its reasonable business judgment on the affairs of the Company. The Company’s day to day affairs are managed by the Managing Director, assisted by a competent management team under the overall supervision of the Board.

## BOARD COMPOSITION

The Board has been constituted in an appropriate manner comprising of Executive / Non-Executive and Independent Directors to ensure proper governance and management. The Board members have collective experience in diverse fields like insurance, finance, investments, compliance and general management. The Directors are elected based on their qualification and experience in varied fields as well as Company’s business needs.

The Company, being a joint venture between the Murugappa Group (MG) represented by TI Financial Holdings Limited (formerly Tube Investments of India Limited) and Mitsui Sumitomo Insurance Company Limited (MSI), Japan comprises representatives of MG and MSI in addition to Independent Directors. The Board comprises of 8 directors viz: 2 MG Non-Executive Directors, 1 MG Managing Director, 1 MSI Non-Executive Director, 1 MSI Wholetime Director and 3 Independent Directors. A brief profile of the directors is provided elsewhere in the annual report for the information of the shareholders.

During the year under review, Mr. A V Muralidharan, Independent Director, retired from the office of director on July 25, 2017 and Mr. Margam Rama Prasad was appointed as an Additional Director (Independent category) with effect from July 25, 2017. Further, Mr. Pradeep V Bhide, Chairman and Non-Executive Director, ceased to be a Director on October 28, 2017 and Mr. M M Murugappan was appointed as an additional director and Chairman (MG Director) of the Board with effect from October 28, 2017.

The offices of the Chairman and MD of the Company have been kept separate. All the Board members including the Independent Directors have the opportunity and access to interact with the

management. Annual disclosures and declarations are obtained from directors including declarations from Independent Directors confirming the eligibility criteria of independence under the Act. Further, an annual declaration confirming the 'Fit & Proper' criteria prescribed in the corporate governance guidelines issued by IRDAI is also provided by all the Directors.

Details of directorship of directors as at March 31, 2018 on other Boards are provided below:

Name of the Director	Category	Number of Directorship <sup>#</sup>
Mr. M M Murugappan	Non-Executive / MG nominee	9
Mr. Margam Rama Prasad	Non-Executive / Independent	-
Ms. Shubhalakshmi Panse	Non-Executive / Independent	9
Mr. N S R Chandra Prasad	Non-Executive / Independent	1
Mr. N Srinivasan	Non-Executive / MG nominee	3
Mr. Tamaki Kawate	Non-Executive / MSI nominee	1
Mr. S S Gopalarathnam	Managing Director / MG nominee	2
Mr. Takahiko Shibakawa	Wholetime Director/ MSI nominee	1

<sup>#</sup> excludes directorship in Chola MS, private limited companies, companies registered under Section 8 of Companies Act, 2013, foreign companies and alternate directorships.

## BOARD MEETINGS

During the year ended March 31, 2018, 6 Board meetings were held on April 27, 2017, July 25, 2017, September 25, 2017, October 28, 2017, January 31, 2018 and March 21, 2018. Attendance of directors at Board Meetings is given below:

Name of the Director	April 27, 2017	July 25, 2017	Sept. 25, 2017	Oct. 28, 2017	Jan. 31, 2018	Mar. 21, 2018
Mr. Pradeep V Bhide (till October 28, 2017)	✓	✓	LOA*	✓	-	-
Mr. M M Murugappan (from October 28, 2017)	-	-	-	-	✓	✓
Mr. A V Muralidharan (till July 25, 2017)	✓	✓	-	-	-	-
Mr. Margam Rama Prasad (from July 25, 2017)	-	-	✓	✓	✓	✓
Ms. Shubhalakshmi Panse	✓	✓	✓	✓	LOA*	✓
Mr. N S R Chandra Prasad	✓	✓	LOA*	✓	✓	✓
Mr. N Srinivasan	✓	✓	✓	✓	✓	✓
Mr. Tamaki Kawate	✓	✓	LOA*	✓	✓	✓
Mr. S S Gopalarathnam	✓	✓	✓	✓	✓	✓
Mr. Takahiko Shibakawa	✓	✓	✓	✓	✓	✓

\* Leave of Absence

## BOARD TRAINING AND INDUCTION

At the time of appointment of a director on the Board of the Company, the incumbent director is provided with a directors' handbook comprising the compendium of the role, powers, duties and responsibilities of a director including code of conduct of the Company, the compliance obligations and disclosure requirements from the Director under the Companies Act, IRDAI Regulations and other relevant applicable Regulations. A formal letter of appointment is given to independent directors at the time of appointment which lays the role and duties of independent director. The terms and conditions of appointment of independent directors are posted on the website of the Company. With a dynamic regulatory scenario, regulatory changes impacting the Company are briefed at every meeting on quarterly basis.

## COMMITTEES OF THE BOARD

Various committees have been constituted as per regulatory requirement and to support the Board in discharging its responsibilities.

The Board, at the time of constitution of Committee, defines the terms of reference and also authorises the Committee with certain powers from time to time. Various recommendations of the Committees are submitted to the Board for approval. The minutes of the meetings of all Committees are circulated to the Board for its information and noting. Besides, the members of the Committees, senior management team are invited to Board / Committee meetings as and when necessary.

The following are the eight Committees constituted by the Board:

Sr. No.	Committees
1.	Audit Committee
2.	Investment Committee
3.	Risk Management Committee
4.	Policyholders' Protection Committee
5.	Corporate Social Responsibility Committee
6.	Nomination & Remuneration Committee
7.	Business Committee
8.	Management Committee

## AUDIT COMMITTEE

### Terms of reference

Audit Committee was constituted as per the requirements of Companies Act, 2013 and IRDAI Guidelines. The role of the Audit Committee inter alia includes the following:

### Internal Audit

- review the scope of internal audit procedures;
- ensure effectiveness of internal controls in critical areas of operations;
- review and approve the audit plan, audit charter and resources budget required;
- ensure that the Committee is adequately informed of the risks and implications of internal audit findings and recommendations;
- approval of appointment, remuneration, performance evaluation, removal of the Chief Internal Auditor;

- ensure audit findings and recommendations are resolved effectively and in a timely manner.

#### External Audit

- review financial statements including the auditors' report before submission to the Board;
- review and monitor management's responsiveness to, and action taken on, external audit findings and recommendation;
- approval of non audit services by the external auditor before commencement of the service;
- recommending the appointment of the external auditor to the Board, having particular regard to the external auditor's objectivity, performance and independence;
- review and determine fees paid to the external auditor.

#### Other functions

- review and approve related party transactions of the Company and any modifications thereof;
- act as a Compliance Committee to discuss the level of compliance in the Company and any associated risks;
- evaluation of internal financial controls and risk management of the Company;
- ensure that the Company's accounts are prepared in a timely and accurate manner for regulatory, management and general reporting purposes.

#### Composition & meetings

The Committee comprises of five members as at March 31, 2018. During the year, Mr. Margam Rama Prasad was inducted as Committee member and elected as Chairman in the place of Mr. A V Muralidharan who ceased to be a director of the Company with effect from July 25, 2017. During the year the Committee met six times. The composition of the Committee and the attendance of each member at the Audit Committee meetings held during the year are given below:

Name of the Member	Category	Number of meetings attended (Number of meetings held)
Mr. A V Muralidharan (till July 25, 2017)	Independent Director	3(3)
Mr. Margam Rama Prasad (from July 25, 2017)	Independent Director	3(3)
Ms. Shubhalakshmi Panse	Independent Director	5(6)
Mr. N S R Chandra Prasad	Independent Director	6(6)
Mr. N Srinivasan	Non-Executive Director	6(6)
Mr. Tamaki Kawate	Non-Executive Director	6(6)

All members of the Committee have knowledge of financial management, audit and accounts. In order to acquaint the members of the Audit Committee of their roles, responsibilities, the regulatory requirements of the Committee and the prevailing best practices within India and globally, a handbook on Audit Committee is provided to the members at the time of appointment.

The statutory auditors and internal auditors are invited for the meetings of the Audit Committee. During the year, the Audit

Committee has held separate discussions with the statutory and internal auditors without the presence of the management team on April 26, 2017.

#### INVESTMENT COMMITTEE

##### Terms of reference

Investment Committee has been constituted in terms of IRDAI (Investment) Regulations. The terms of reference of Investment Committee inter alia includes:

- review and recommendation of investment policy to the Board;
- oversee implementation of the investment policy;
- review investment operations of the Company on a quarterly basis and approve investments as per the investment policy.

##### Composition & Meetings

The Committee comprises of eight members including the Chief Financial Officer (CFO), Chief Investment Officer (CIO), Appointed Actuary and Chief Risk Officer (CRO). During the year, Mr. M M Murugappan was inducted as a member of the Committee in place of Mr. Pradeep V Bhide, who ceased to be a director with effect from October 28, 2017.

Further, with the appointment of Mr. S Venugopalan as Chief Financial Officer and Mr. S K Rangaswamy as Chief Risk Officer, the Committee was reconstituted at the meeting of the Board of Directors held on October 28, 2017.

During the year ended March 31, 2018, the Committee met five times. The Chairman of the Committee is Mr. N Srinivasan. The composition of the Committee as at March 31, 2018 and the attendance of Committee members at the Committee meetings held during the year are given below:

Name of the Member	Category	Number of meetings attended (Number of meetings held)
Mr. N Srinivasan	Non-Executive Director	5(5)
Mr. Pradeep V Bhide (till October 28, 2017)	Non-Executive Director	3(3)
Mr. M M Murugappan (from October 28, 2017)	Non-Executive Director	1(2)
Mr. S S Gopalarathnam	Managing Director	5(5)
Mr. Takahiko Shibakawa	Wholetime Director	5(5)
Mr. S Venugopalan (from April 27, 2017)	Chief Financial Officer	4(4)
Mr. S K Rangaswamy	Chief Risk Officer	5(5)
Mr. N V Murali	Chief Investment Officer	5(5)
Mr. R Arunachalam	Appointed Actuary	5(5)

#### RISK MANAGEMENT COMMITTEE

##### Terms of reference

The Risk Management Committee was constituted in terms of Corporate Governance guidelines of IRDAI. The Company is exposed to the impact of changes in the external environment which necessitates continuous monitoring, evaluation and management of significant risks faced by it.

The terms of reference of Risk Management Committee broadly include:

- assist the Board in effective operation of the risk management system by reviewing the risks to which the Company is exposed to and the risk mitigation measures undertaken by the Company;
- review the framework for identification, measurement, monitoring and controlling of risks and recommending risk management decisions to the Board;
- review risk exposures and actions taken to manage exposures;
- review and monitor business continuity and solvency position;
- review the progress in enterprise risk management, risk appetite and tolerance limits, status of implementation of the Information Security and Policy procedures and asset liability management.

#### Composition & Meetings

The Committee comprises of five members. During the year, Mr. M M Murugappan was inducted as a member of the Committee in place of Mr. Pradeep V Bhide, who ceased to be a director with effect from October 28, 2017. The Chairman of the Committee is Mr. N S R Chandra Prasad. The Committee met five times during the year ended March 31, 2018. The composition of the Committee as at March 31, 2018 and the attendance of each member at the Risk Management Committee meetings held during the year are given below:

Name of the Member	Category	Number of meetings attended (Number of meetings held)
Mr. N S R Chandra Prasad	Independent Director	5(5)
Mr. Pradeep V Bhide (till October 28, 2017)	Non-Executive Director	3(3)
Mr. M M Murugappan (from October 28, 2017)	Non-Executive Director	2(2)
Mr. N Srinivasan	Non-Executive Director	5(5)
Mr. Tamaki Kawate	Non-Executive Director	5(5)
Mr. S S Gopalarathnam	Managing Director	5(5)

#### POLICYHOLDERS' PROTECTION COMMITTEE

##### Terms of reference

In terms of the requirements of Corporate Governance guidelines of IRDAI, Policyholders' Protection Committee was constituted. The terms of reference of the Committee inter alia include:

- review status of complaints and customer handling mechanism at periodic intervals;
- review of awards given by Insurance Ombudsman / Consumer forums;
- review claims report including status of outstanding claims;
- ensure improvement of quality of customer contact.

#### Composition & Meetings

The Committee comprises of four members. The Chairperson of the Committee is Ms. Shubhalakshmi Panse. During the year

ended March 31, 2018, the Committee met five times and the details of attendance of each member at the Committee meetings held during the year are given below:

Name of the Member	Category	Number of meetings attended (Number of meetings held)
Ms. Shubhalakshmi Panse	Independent Director	4(5)
Mr. N Srinivasan	Non-Executive Director	5(5)
Mr. S S Gopalarathnam	Managing Director	5(5)
Mr. Takahiko Shibakawa	Wholetime Director	5(5)

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

##### Terms of reference

As per the requirements of Section 135 of the Companies Act, 2013, the Board had constituted Corporate Social Responsibility (CSR) Committee. The terms of reference of CSR Committee inter alia include:

- formulate, review and recommend CSR policy to the Board;
- monitor projects and programs undertaken for CSR activity by the Company;
- recommend the CSR expenditure for financial year to the Board for approval;
- recommend annual report on CSR activities to the Board.

#### Composition & Meetings

The Committee comprises of four members. During the year, Mr. Margam Rama Prasad was inducted as a member of the Committee in place of Mr. A V Muralidharan, who ceased to be a Director with effect from July 25, 2017. Further, Mr. M M Murugappan was inducted as a Committee member and elected as Chairman in place of Mr. Pradeep V Bhide, who ceased to be a director with effect from October 28, 2017.

The Committee met twice during the year. The composition of the Committee as at March 31, 2018 and the attendance of each member at the Committee meetings held during the year are given below:

Name of the Member	Category	Number of meetings attended (Number of meetings held)
Mr. Pradeep V Bhide (till October 28, 2017)	Non-Executive Director	1(1)
Mr. M M Murugappan (from October 28, 2017)	Non-Executive Director	1(1)
Mr. A V Muralidharan (till July 25, 2017)	Independent Director	1(1)
Mr. Margam Rama Prasad (from July 25, 2017)	Independent Director	1(1)
Mr. S S Gopalarathnam	Managing Director	2(2)
Mr. Takahiko Shibakawa	Wholetime Director	2(2)

## NOMINATION AND REMUNERATION COMMITTEE

### Terms of reference

The Companies Act, 2013 mandates constitution of Nomination and Remuneration Committee by certain class of companies and prescribes broadly the functions of the Committee. Accordingly the Company had constituted Nomination and Remuneration Committee. The terms of reference of the Committee inter alia include:

- identification of persons for appointment as Directors, Key Managerial Personnel (KMP) and senior management;
- recommendation to the Board the appointment including re-appointments or removal of Directors and senior management;
- formulate criteria for determining qualifications, positive attributes and independence of directors.

### Composition & Meetings

The Committee comprises of four members. During the year, Mr. Margam Rama Prasad was inducted as a member of the Committee in place of Mr. A V Muralidharan, who ceased to be a Director with effect from July 25, 2017. Ms. Shubhalakshmi Panse is the Chairperson of the Committee. The Committee met five times during the year. The composition of the Committee as at March 31, 2018 and the attendance of each member at the Committee meetings held during the year are given below:

Name of the Member	Category	Number of meetings attended (Number of meetings held)
Ms. Shubhalakshmi Panse	Independent Director	5(5)
Mr. A V Muralidharan (till July 25, 2017)	Independent Director	2(2)
Mr. Margam Rama Prasad (from July 25, 2017)	Independent Director	3(3)
Mr. N Srinivasan	Non-Executive Director	5(5)
Mr. Tamaki Kawate	Non-Executive Director	4(5)

## BUSINESS COMMITTEE

### Terms of reference

Business Committee is in the nature of non mandatory committee and was constituted to review business operations of the Company. The Committee's role inter-alia includes:

- review of business operations of the Company;
- recommending the underwriting strategy/ delegation of authority / business plan to the Board;
- approval of mega risk / claims in excess of ₹100 million;
- review status of major / mega claims besides recommending to the Board the annual re-insurance programme;
- review and recommend the management of risk accumulations and re-insurance controls.

### Composition & Meetings

The Committee comprises of five members. During the year, Mr. M M Murugappan was inducted as a member of the Committee

in place of Mr. Pradeep V Bhide, who ceased to be a director with effect from October 28, 2017. Mr. N Srinivasan is the Chairman of the Committee and the Committee met four times during the year ended March 31, 2018. The composition of the Committee as at March 31, 2018 and the attendance of each member at the Business Committee meetings held during the year are given below:

Name of the Member	Category	Number of meetings attended (Number of meetings held)
Mr. N Srinivasan	Non-Executive Director	4(4)
Mr. Pradeep V Bhide (till October 28, 2017)	Non-Executive Director	2(2)
Mr. M M Murugappan (from October 28, 2017)	Non-Executive Director	1(2)
Mr. N S R Chandra Prasad	Independent Director	4(4)
Mr. S S Gopalarathnam	Managing Director	4(4)
Mr. Takahiko Shibakawa	Wholetime Director	4(4)

## MANAGEMENT COMMITTEE

### Terms of reference

Management Committee is in the nature of non-mandatory committee. The terms of reference of the Committee broadly include:

- reviews the items on the board agenda before every meeting of the Board;
- implementation of the guidelines issued by the Board for Company's operations;
- to review the operations of the company periodically.

### Composition & Meetings

The Committee comprises of four members. During the year, Mr. M M Murugappan was inducted as a Committee member and Chairman in place of Mr. Pradeep V Bhide, who ceased to be a director with effect from October 28, 2017. The Committee met five times during the year. The composition of the Committee as at March 31, 2018 and the attendance of each member at the Management Committee meetings held during the year are given below:

Name of the Member	Category	Number of meetings attended (Number of meetings held)
Mr. Pradeep V Bhide (till October 28, 2017)	Non-Executive Director	3(3)
Mr. M M Murugappan (from October 28, 2017)	Non-Executive Director	2(2)
Mr. N Srinivasan	Non-Executive Director	5(5)
Mr. Tamaki Kawate	Non-Executive Director	5(5)
Mr. S S Gopalarathnam	Managing Director	5(5)



## REMUNERATION OF DIRECTORS

IRDAI had issued Guidelines on Remuneration of Non-executive Directors, Managing Director/ Chief Executive Officer / Wholetime Director effective from October 1, 2016. The remuneration policy for Directors, Key Managerial Personnel and other employees of the Company framed in line with the requirements of Companies Act, 2013, was reviewed during the year in light of these guidelines. The policy forms part of the annual report.

Managing Director and Wholetime Director are the only Executive Directors of the Company. The compensation of the Managing Director comprises fixed component, a performance incentive and benefits arising out of Long Term Incentive Plan (LTIP). The compensation is determined based on levels of responsibility and scales prevailing in the industry. The incentive is determined based on certain pre-agreed parameters. The benefits under LTIP are determined based on the overall performance of Managing Director and the performance of the Company as a whole.

The Wholetime Director is on secondment from MSI, Japan and the remuneration is paid by way of reimbursement of secondment charges to MSI, Japan. The Executive Directors are not paid sittings fees for any Board / Committee meetings attended by them.

Non-Executive Directors are compensated by way of commission on profits besides the sitting fees paid to them for attending the meetings of the Board / Committee in which they are members as permitted by the various enactments. Commission paid to the Directors are generally, in the normal course, restricted to a fixed sum for all the non-executive directors subject to 1% of net profits of the Company. The sum is reviewed periodically taking into consideration various factors such as performance of the Company, time spent by the directors for attending to the affairs of the Company and extent of responsibilities cast on director under general law and other relevant factors and is payable subject to availability of sufficient profits. The Commission paid to Chairman of the Board is restricted to twice the commission the other members of the Board are entitled in view of the larger role and responsibilities.

The details of remuneration paid to the directors during the financial year ended March 31, 2018 are provided in Extract of Annual Return, i.e. form MGT 9, which is annexed to the Directors Report.

The remuneration paid to Mr. S S Gopalarathnam, Managing Director, and the secondment charges reimbursable to Mitsui Sumitomo Insurance Company Limited, Japan in respect of Mr. Takahiko Shibakawa, Wholetime Director, are in accordance with the terms of appointment approved by the Board of Directors, the shareholder, and IRDAI and is provided in note 24 of Schedule 16 to the financial statements.

## ANTI FRAUD POLICY

The Company is committed to the highest standards of governance and integrity in all its dealings with various stakeholders and has

a zero tolerance to fraud. As a part of its ongoing efforts to ensure that the Company operates in an ethical manner and as per IRDAI requirements an anti fraud policy approved by the Board was put in place and is reviewed by the Board every year. The purpose of the policy is to protect the brand, reputation and assets of the Company from loss or damage, resulting from suspected or confirmed incidents of fraud / misconduct. The policy is uploaded in the intranet portal of the Company for the benefit of all employees. Further, the Company initiates various measures for publicizing the policy through mailers, posters etc. at all locations.

## CODE OF CONDUCT

The company's commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, the senior management and all employees of the company. Consistent with its values and beliefs, the Company has formulated a "Code of Conduct" applicable to employees of the Company. The Company has also a well formulated "Code of Conduct for dealing in securities" applicable to officers involved in investment activities of the Company to ensure that their personal trading does not conflict with their duties and responsibilities and to prevent them from taking advantage of any price sensitive information pertaining to listed securities.

The Company has also in place the "Chola MS Way" - a document listing the guidelines and principles which the employees and representatives of the company need to adhere to while performing their respective roles in the Company.

## WHISTLE BLOWER POLICY

In terms of Corporate Governance guidelines of IRDAI and the provisions of Companies Act, 2013, the Company has put in place a "Whistle Blower Policy and Vigil Mechanism" for reporting any concerns or grievances by employee / customers / intermediaries and others dealing with the company. The Board reviews the cases referred under Whistle blower policy at its quarterly meetings. The Company takes various initiatives for publicizing the policy which includes uploading the policy on the intranet of the company, sending mailers, displaying posters across all branches.

## POLICY ON PREVENTION OF SEXUAL HARASSMENT 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. All employees are covered under this policy. The Company takes various initiatives for publicizing the policy which includes uploading the policy in the intranet of the Company, sending mailers, displaying posters across all branches.

During the calendar year ended December 31, 2017, the Company has received two complaints under the policy both of which have been resolved.

## DISCLOSURE UNDER CORPORATE GOVERNANCE GUIDELINES OF IRDAI

### Additional work entrusted to Statutory / Internal Auditors

In terms of Corporate Governance guidelines of IRDAI additional work entrusted to statutory auditors / internal auditors of the Company or their associates has to be approved by the Board and disclosed. During the financial year ended March 31, 2018, the below assignments were entrusted to statutory auditors.

(Amt in ₹)

Particulars	Sharp & Tannan	R G N Price & Co.
Limited Review		
- Management Reporting (3 Qtrs)	225,000	225,000
- Holding Co. Rep (Other than Annual reporting) – Sch III	75,000	75,000
- SEBI Reporting (2 Half Yearly Rep)	50,000	50,000
Other Certifications	130,000	100,000
Holding Company Reporting	100,000	100,000
IFCR Certification	218,750	218,750
Tax Audit	300,000	-
<b>Total</b>	<b>1,098,750</b>	<b>768,750</b>

### Claims details

In terms of the disclosure requirements on unpaid claims prescribed in Corporate Governance guidelines of IRDAI, the details are furnished below for the financial year 2017-18:

Sr. No.	Particulars	Number of claims
1.	Claims pending at the beginning of the year	51,268
2.	Claims intimated during the year	199,090
3.	Claims disposed during the year	199,572
4.	Claims pending at the end of the year	50,786

Ageing of pending claims	Number of claims
Less than 3 months	11,699
3 months to 6 months	3,709
6 months to 1 year	4,774
1 year and above	* 30,604

\* Includes outstanding 14,773 claims under RSBY scheme which are pending for settlement, as premium is yet to be settled by the Government and 15,029 claims outstanding in respect of Motor Third Party.

### MEANS OF COMMUNICATION

In terms of IRDAI circular no. IRDA/F&I/CIR/F&A/012/01/2010 dated January 28, 2010, the Company published its half yearly financial statements as at March 31, 2017 and September 30, 2017 in Business Standard and Makkal Kural within the mandated timeline. The published half yearly financial statements as at September 30, 2017 included the information required pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in addition with the IRDAI requirements.

Further, the Company has hosted quarterly financial schedules in the prescribed formats on the website of the Company in terms of the above mentioned circular.

## GENERAL BODY MEETINGS

The particulars of the general body meetings held in the previous three financial years at the registered office of the Company are provided below:

AGM/EGM	Date of the meeting	Resolutions passed
EGM	October 28, 2017	- Approval of Long Term Incentive to Mr. S S Gopalarathnam, Managing Director
16 <sup>th</sup> AGM	July 25, 2017	- adoption of audited accounts for FY 2016-17; - declaration of dividend at ₹ 0.60/- per share; - re-appointment of Mr. Takahiko Shibakawa as Director; - ratification of appointment of joint statutory auditors and approval of remuneration; - approval of commission to Non-Executive Directors for further five years from April 01, 2018 - approval for amendment of Articles of Association
EGM	February 6, 2017	- issue of Unsecured Redeemable Non-Convertible Debentures on a Private Placement Basis; - re-appointment of Managing Director; - re-appointment of Whole- time Director.
15 <sup>th</sup> AGM	July 26, 2016	- adoption of audited accounts for FY 2015-16; - re-appointment of Mr. N Srinivasan as Director; - appointment and ratification of appointment of joint statutory auditors and approval of remuneration; - appointment of Mr. NSR Chandra Prasad as an Independent Director; - appointment of Mr. Tamaki Kawate as Director.
EGM	July 26, 2016	- approval of revision in remuneration to Mr. S S Gopalarathnam, Managing Director of the Company.
EGM	March 31, 2016	- approval of amendment to Articles of Association in line with the amendment to the Shareholders agreement.
14 <sup>th</sup> AGM	July 28, 2015	- adoption of audited accounts for FY 2014-15; - re-appointment of Mr. Pradeep V Bhide as Director; - appointment and re-appointment of joint statutory auditors and approval of remuneration; - appointment of Mr. A V Muralidharan as Independent Director for a period two years from the date of 14 <sup>th</sup> AGM; - appointment of Ms. Shubhalakshmi Panse as Independent Director for a period of three years from the date of 14 <sup>th</sup> AGM; - appointment of Mr. Maki Kumagai as Director; - appointment of Mr. Takahiko Shibakawa as Wholetime director for a period of two years with effect from April 1, 2015.

## Compliance with corporate governance guidelines

IRDAI has vide its circular dated May 18, 2016 issued revised Corporate Governance guidelines for insurance companies. The Company is in compliance with the guidelines as applicable to it as disclosed in the earlier paragraphs and a certificate to this effect is being provided to the Authority on an annual basis. The certificate as required under IRDAI's circular no. IRDA/F&A/GDL/CG/100/05/2016 dated May 18, 2016 is provided below.

For and on behalf of the Board

April 26, 2018  
Chennai

**M M Murugappan**  
Chairman

### Certification for compliance of the Corporate Governance Guidelines for 2017-18

In accordance with the provisions of Corporate Governance Guidelines issued by Insurance Regulatory and Development Authority of India (IRDAI), I, Suresh Krishnan, Company Secretary of the Company, hereby certify that Cholamandalam MS General Insurance Company Limited has complied with the Corporate Governance Guidelines for Insurance companies as amended from time to time and nothing has been concealed or suppressed.

April 26, 2018  
Chennai

**Suresh Krishnan**  
Company Secretary

# Policy for Board Nominations

The Nomination and Remuneration Committee (N & R Committee) of the Board is responsible for identifying persons for initial nomination as directors and evaluating directors for their continued service. The following are the qualifications, positive attributes and independence criteria laid down by the N&R Committee of Cholamandalam MS General Insurance Company Limited in terms of Section 178(3) of the Companies Act, 2013 and Corporate Governance Guidelines for Insurers in India issued by IRDAI to be considered for nominating candidates for Board positions / re-appointment of directors.

## QUALIFICATIONS

### Personal Traits

- Highest personal and professional ethics, integrity and values;
- Shares the values and beliefs of the Company;
- Inquisitive and objective perspective, practical wisdom and mature judgement;
- Demonstrates intelligence, maturity, wisdom and independent judgment;
- Self-confidence to contribute to board deliberations, has a stature that other board members will respect his or her views.

### Experience and Background

- Well accomplished in his / her respective field;
- Demonstrated success at policy-setting and strategy development levels in a large organization (such as corporation, government, academic institution or profession);
- Typically first level leadership position (i.e., Chair, CEO or President or equivalent) or second level (i.e., COO, CFO or head of a major subsidiary or line of business) unless the Board is seeking a particular skill set (e.g., technology, human resources management or financial expert);
- Leadership role - at the time a potential director's initial candidacy is evaluated must either be current or very fresh and recent, and directors should continue to demonstrate a sophisticated understanding and current knowledge of complex business issues;
- A mastery of a broad knowledge area (e.g., engineering, finance, marketing, corporate affairs, technology, law, human resources management, executive leadership) that complements the skills of current board members and proposed board role;
- Absence of adverse events (e.g., bankruptcy affiliations, securities law sanctions, disqualifications under Companies Act 2013 or other applicable laws etc.) that either disqualify or require adverse disclosures.

### Fit and proper

- The intangibles of demeanor, attitude and interpersonal skills that indicate the candidate will be an effective member of the Board of Directors "team" in a major company setting;
- Should act on fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and its stakeholders;
- Should be able to exercise objective independent judgement on corporate affairs;
- Special skills, expertise and background that contribute to the diversity of views and perspective of the Board as a whole;
- With respect to Directors being nominated for Independent position, the candidate should comply with the "Independence criteria's" as defined by applicable laws;
- Willingness to devote sufficient time to carry out the duties and responsibilities effectively, including attendance at meetings;
- Willingness to undertake appropriate induction and regularly update and refresh his/ her skills, knowledge and familiarity with the Company;
- Commitment to representing the long-term interests of the shareholders and balancing the interests of stakeholders;
- Willingness to challenge management in a constructive manner while working effectively as a part of a team in an environment of collegiality and trust;
- Adhere to the code of conduct of the Company;
- Protecting the legitimate interests of the Company, its shareholders and employees and maintain confidentiality;
- Meets the age criteria and applicable tenor restrictions placed by the Board;
- Absence of an unacceptable number of other board commitments;
- Absence of personal and business relationships / directorship that would pose a conflict of interest to the Board position;
- Absence of unfair obstruction in the functioning of the Board / Committees.

## POSITIVE ATTRIBUTES

The positive attributes for a director would encompass:

- Ethical Integrity & transparency;
- Has/acquires sufficient knowledge in the Company's business and operations;
- Demonstrate sound judgement gained through experience & expertise in management / technical / financial /governance or regulatory matters;
- Foresight - ability to see and prepare for future, anticipate needs, opportunities and threats;
- Managerial abilities required to lead and guide the

management such as effective communication skills, cultural sensitivity, flexibility, team player, strategic thinking, balancing risk with opportunity, ability to juggle several variables and make complicated decisions etc.

### INDEPENDENCE STANDARDS

A Director is independent if the Board affirmatively determines that he meets the independence criteria provided under the applicable laws. In addition to applying these guidelines, the Board will consider all relevant facts and circumstances in making its determination relative to a director's independence.

Two core objectives in selecting Board members and continued Board service are that the skills, experiences and perspectives of the Board as a whole should be broad and diverse, and the collective talent should blend together to be as effective as possible.

### Retirement

A Director shall be liable for retirement upon reaching the age of superannuation, which currently is 70 years, unless otherwise approved by the Board and shareholders as the case may be subject to compliance of Companies Act, 2013 and IRDAI Guidelines.

## Annexure C

# Criteria for Appointment of Senior Management

The Nomination and Remuneration Committee (N&R Committee) of the Board is responsible for identifying persons who are qualified to be appointed in senior management. The following criteria laid down by the N&R Committee of Cholamandalam MS General Insurance Company Limited in terms of Section 178(2) of the Companies Act, 2013 and Corporate Governance Guidelines for Insurers in India issued by IRDAI are to be considered for induction of a person into the senior management positions.

Senior management means personnel of the Company who are members of its core management team excluding the Board of Directors, comprising all members of management one level below the executive directors, including functional heads.

### Personal Traits

- Highest personal and professional ethics and integrity;
- Share and demonstrate the values embodied in the guiding principles of the Murugappa Group and the Company - "Five Lights" – Integrity, Passion, Quality, Respect and Responsibility;
- Meet the age criteria set by the Company.

### Competencies

- Possess specialist knowledge and business acumen relative to the position for which he or she is being considered;
- Good leadership skills;
- Be innovative;
- Demonstrate intelligence, maturity and wisdom;
- Exercise sound judgement gained through experience and expertise in management/ technical/ financial/ corporate matters in the best interest of the Company as a whole;
- Ability to see and prepare for future, anticipate needs, opportunities and threats;
- Possess managerial abilities such as effective communication skills, action focus, people engagement, cultural sensitivity, flexibility, team player, strategic thinking, creating a shared vision, etc.;

- Exhibit personal effectiveness;
- Ability to influence and drive decisions in the interest of the Company;
- Respect customer centricity;
- Good interpersonal relationship;
- An effective team player.

### Experience and Background

Highly accomplished and experienced in their respective field of engineering/ finance/ marketing/ corporate affairs/ technology/ law/ HRM, etc., with superior credentials and recognition.

### Fit

- Should act on fully informed basis, in good faith, with due diligence and care and in the best interest of the Company and its stakeholders;
- Should be able to exercise objective independent judgment on corporate affairs;
- Willingness to undertake appropriate induction and regularly update and refresh his/ her skills, knowledge and familiarity with the Company;
- Commitment to representing the long-term interests of the shareholders and balancing the interests of stakeholders;
- Adhere to the code of conduct of the Company;
- Protecting the legitimate interests of the Company, its shareholders and employees and maintain confidentiality;
- Absence of commitments and other fixed outside obligations;
- Absence of personal and business relationships that would pose a conflict of interest to the position.

### Retirement

Senior Management Person shall be liable for retirement upon reaching the age of superannuation, which currently is 58 years, unless otherwise approved by the Board.

# Remuneration Policy

## 1. Preamble

This Remuneration Policy provides the framework for remuneration of members of the Board of Directors, Key Managerial Personnel, and other employees of Cholamandalam MS General Insurance Company Limited.

This Policy is guided by the principles and objectives as enumerated in Section 178 of the Companies Act, 2013, Guidelines for Corporate Governance of Insurance Regulatory and Development Authority of India (IRDAI) and Guidelines on Remuneration of Non-executive Directors and Managing Director / Chief Executive Officer / Whole time directors of insurers of IRDAI ("the guidelines"). The objective of the policy is to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

This Policy reflects the remuneration philosophy and principles of the Murugappa Group and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned.

## 2. Remuneration of Non-Executive Directors

- 2.1. Non-Executive Directors ("NEDs") will be paid remuneration by way of Sitting Fees and Commission. The remuneration / commission / compensation to the NEDs will be decided by the Board in accordance with this policy.
- 2.2. As approved by the shareholders at the shareholders general meeting, commission will be paid at a rate computed in accordance with Section 198 of the Companies Act, 2013 read with relevant IRDAI guidelines. The commission to be paid will be restricted to a fixed sum within the above limit annually on the basis of their tenure in office during the financial year.
- 2.3. Commission payable to non executive directors other than Chairman of the Board, shall not exceed the maximum limit stipulated in the "Guidelines". For Chairman, the commission payable may be decided by the Board subject to statutory ceiling and approvals as may be required under relevant authority.
- 2.4. The payment of the Commission to the NEDs will be placed before the Board every year for its consideration and approval. The sitting fee payable to the NEDs for attending the Board and Committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.
- 2.5. Keeping with evolving trends in industries and considering the time and efforts spent by specific NEDs, the practice of paying differential commission will be considered by the Board.
- 2.6. Independent Directors will not be eligible to receive stock options under the employee stock option scheme(s) ("ESOP") of the Company, if any.

## 3. Remuneration of Managing Directors (MD) / Wholetime Directors (WTD) / Chief Executive Officers (CEO)

- 3.1. The compensation payable to MD / WTD / CEO will be within the scale approved by the shareholders and will be within the overall limits specified under the Companies Act, 2013. While determining the total remuneration, the Nomination & Remuneration (N&R) Committee shall consider the parameters and various risks as specified in the guidelines issued by IRDAI and recommend to the Board for approval.

The following aspects may be considered while framing the remuneration structure of the MD / WTD /CEO viz., Fixed Pay, Variable Pay, Perquisites, Pension Plan and Gratuity.

- 3.2. The N&R Committee will determine the annual increment and the annual variable pay in the form of the annual incentive for the MD / WTD / CEO based on Company's and individual's performance as against the pre-agreed objectives for the year. The business plan as approved by the Board and the various parameters as specified in the Balance Score Card would form the basis of determination of variable pay compensation.
- 3.3. Grants under ESOP Scheme, if any, shall be approved by the N&R Committee and shall be governed by the norms prescribed in the guidelines and SEBI Regulations as applicable.
- 3.4. In case of inadequacy of profit in any financial year, the remuneration payable to MD / WTD / CEO shall be further subject to the relevant provisions of the Companies Act and IRDAI Regulations as applicable.
- 3.5. MD / WTD / CEO will not be paid sitting fees for any Board/Committee meetings attended by them.

## 4. Remuneration to Key Managerial Personnel / Other Employees

- 4.1. The Company's total compensation for Key Managerial Personnel as defined under the Companies Act, 2013 / other employees will consist of:
  - fixed compensation
  - variable compensation in the form of annual incentive
  - benefits
  - work related facilities and, perquisites
- 4.2. In addition, select senior executives will be eligible for long-term incentive plan, which among others may include, in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP Scheme will be approved by the N&R Committee.
- 4.3. Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of

the job and the skills, experience and performance of the employee. Fixed compensation will include Basic Salary, Housing Allowance, Leave Travel Allowance and a cash allowance.

- 4.4. The Annual and long term Incentive (variable pay) of executives will be linked directly to the performance of the relevant business unit and the Company in accordance with the Employees Incentive Scheme of the Company as formulated from time to time.
- 4.5. Based on the grade and seniority of employees, Benefits for employees include:
  - 4.5.1. Health-Related
  - 4.5.2. Health (hospitalization) insurance
  - 4.5.3. Accident and Life insurance
  - 4.5.4. Retirement-Related
  - 4.5.5. Contribution to a Superannuation Fund (in addition to statutory benefits such as Provident Fund account, Gratuity, etc.)
- 4.6. Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the Grade of the employee.
- 4.7. A formal annual performance management process will be applicable to all employees, including senior executives and Key Management Personnel. Annual increases in fixed and variable compensation of individual executives will be directly linked to the performance ratings of individual employee.
- 4.8. Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.
- 4.9. Employees may be eligible for ESOPs as per the ESOP scheme, if any, approved by the Shareholders and in force from time to time. The objective of the ESOP scheme will be to reward employees for their contribution to the long term growth and profitability of the Company by providing a platform to share the value they create for the Company.
- 4.10. Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

## **5. Committee members interest**

The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

## **6. Adoption, Changes and Disclosure of Information**

- 6.1. This Remuneration Policy and any changes thereof will be approved by the Board of Directors based on the recommendation(s) of the N&R Committee.
- 6.2. The policy shall be reviewed annually.
- 6.3. Norms as prescribed by IRDAI or any other applicable statutory authority, as applicable, from time to time with regard to remuneration of non executive directors and MD/WTD/CEO shall be complied with.
- 6.4. Disclosures of this Remuneration Policy would be made at such places as may be required under any applicable Statute.

# Secretarial Audit Report

For the Financial year ended 31st March, 2018

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

## [MR-3]

To,  
The Members,  
CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LIMITED  
Dare House, II Floor, N S C Bose Road,  
Parrys, Chennai – 600001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LIMITED [Corporate Identification Number: U66030TN2001PLC047977] (hereinafter called "the Insurance Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Insurance Company's books, documents, minute books, forms and returns filed and other records maintained by the Insurance Company and also the information provided by the Insurance Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Insurance Company has, during the audit period for the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Insurance Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, documents, minute books, forms and returns filed and other records maintained by the Insurance Company for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under and the Companies Act, 1956, to the extent applicable;
- (ii) The Insurance Company has not listed its equity shares in any of the Stock exchanges and hence the question of complying with the provisions of the Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under does not arise;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The Insurance Company has not dealt with the matters relating to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings under FEMA and hence, the question of complying with the provisions of Foreign Exchange Management Act, 1999 and the rules and Regulations made thereunder does not arise;
- (v) During the year under review, the Insurance Company has listed its debt securities in the National Stock Exchange of India Limited and hence the following provisions are applicable and complied:

- a) Chapters II, III and V of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, to the extent applicable;
- c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) The Other Laws specifically applicable to the Insurance Company and are complied with are the Insurance Act, 1938 and Insurance Rules, 1939, IRDAI Regulations, guidelines, circulars, directions and notifications made thereunder.

With respect to Labour and Fiscal laws, based on the information & explanations provided by the management and officers of the Insurance Company, we report that adequate systems are in place to monitor and ensure compliance.

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.
- (ii) Chapters II, III and V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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



We further report that

The Board of Directors of the Insurance Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Notes on agenda which are circulated less than the specified period, the necessary compliances under the Companies Act, 2013 and Secretarial Standards on Board Meeting are complied with.

Based on the verification of the records and minutes, the decisions were carried out with the consent of majority of the Board of Directors / Committee Members and there were no dissenting Directors / Members views recorded in the minutes.

We further report that based on review of compliance mechanism established by the Insurance Company and on the basis of the Compliance certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we

are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

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

- a) Allotted 1000 unsecured, subordinated, fully paid-up, listed, redeemable and non-convertible debentures of ₹ 1,000,000/- each aggregating to ₹ 1,000,000,000/- on a private placement basis on May 25, 2017. The said debentures were listed in the National Stock Exchange of India Limited under the category of Wholesale Debt Segment.
- b) Obtained the approval of the shareholders at the 16th Annual General Meeting held on 25th July, 2017 to adopt the new set of Articles of Association substituted to the entire exclusion of existing Articles of Association.

Place : Chennai  
Date : April 26, 2018

For R.Sridharan & Associates  
Company Secretaries

CS R.Sridharan  
CP No. 3239  
FCS No. 4775  
UIN : S2003TN063400

# Corporate Social Responsibility Policy

## Preamble

The Murugappa Group is known for its tradition of philanthropy and community service. The Group's philosophy is to reach out to the community by establishing service-oriented philanthropic institutions in the field of education and healthcare as the core focus areas.

Cholamandalam MS General Insurance Company Limited (hereinafter referred to as Chola MS) has been upholding the Group's tradition by earmarking a part of its income for carrying out its social responsibilities. We believe that social responsibility is not just a corporate obligation that has to be carried out but it is one's dharma. Therefore, our philanthropic endeavours are a reflection of our spiritual conscience and this provides us a way to discharge our responsibilities to the various sections of the society.

We have been carrying out Corporate Social Responsibility (CSR) activities for a long time through AMM Foundation, an autonomous charitable trust, in the field of Education and Healthcare.

## Corporate Social Responsibility Purpose Statement

The Company shall seek to positively impact the lives of the disadvantaged by supporting and engaging in activities that aim to improve their wellbeing. We are dedicated to the cause of empowering people, educating them and in improving their quality of life. While we will undertake programme based on the identified needs of the community, education and healthcare shall remain our priority. Across the different programme areas identified by the company, it would be our endeavour to reach the disadvantaged and the marginalised sections of the society to make a meaningful impact on their lives.

We are committed to identifying and supporting programmes aimed at:

- Empowerment of the disadvantaged sections of the society through education, access to and awareness about financial services and the like;
- Provision of access to basic necessities like healthcare, drinking water & sanitation and the like to underprivileged;
- Work towards eradicating hunger and poverty, through livelihood generation and skill development;
- Supporting environmental and ecological balance through afforestation, soil conservation, rain water harvesting, conservation of flora & fauna, and similar programme;
- Promotion of sports through training of sportspersons;
- Undertake rural development projects;

## Scope

This policy will apply to all projects/programmes undertaken as part the Company's Corporate Social Responsibility and will be developed, reviewed and updated periodically with reference to relevant changes in corporate governance, international standards and sustainable and innovative practices. The policy will maintain, at all times, compliance and alignment with the activities listed in

Schedule VII and Section 135 of the Companies Act, 2013 and the rules framed thereunder.

## Governance

The approval of the CSR policy and oversight is the responsibility of the Company's Board of Directors. The responsibility of the CSR committee is to formulate the policy and to administer the policy through implementing partner(s) or via self-implementation. The CSR Committee shall provide guidelines for projects/partner selection to the respective HR or CSR teams, wherever applicable. The CSR committee is to ensure that projects/programmes are compliant with regulations and are monitored and reported effectively.

As the Company's CSR activities evolve, the policy may be revised by the CSR committee and approved by the Board of Directors.

## CSR Spend

The CSR Committee shall recommend to the Board the amount of expenditure to be incurred on the CSR activities to be undertaken by the company as specified in Schedule VII of the Companies Act 2013, as amended from time to time.

In case of any surplus arising out of CSR projects, the same shall not form part of business profits of the Company.

## Implementation

The Company shall undertake CSR project/programmes identified by the CSR Committee and approved by the Board of Directors in line with the CSR Policy.

The Company shall implement its CSR programmes/projects:

- a) Through an implementation partner that can be a public charitable trust or a society registered under applicable Acts or a Company registered under Section 8 of the Companies Act 2013; or
- b) On its own, through the relevant HR or CSR department; or
- c) through its own foundation (if applicable) specifically created for implementing its CSR initiatives.

The Company may enter into partnerships or alliances with NGOs, Trusts, or other Corporate Foundations etc. to effectively implement its CSR programmes/projects.

The Company can also implement programme in collaboration with other company(ies), if permissible and feasible.

The Company shall formulate criteria and procedure for selection, screening and due diligence of its implementing partners.

## CSR Programmes/Projects

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,
- Provision of Skill Development/Vocational Training,
- Rural Development,
- Environmental sustainability,
- Promoting Sports, arts & culture,
- Sustainable livelihood including setting up old age homes, day care centres and such other facilities for senior citizens,
- Any other programme that falls under CSR Policy and which are in alignment with the activities listed in Schedule VII and Section 135 of the Companies Act, 2013 and the rules framed thereunder.

### **Monitoring and Reporting**

The CSR Committee will oversee the implementation and monitoring of all CSR projects/ programmes and periodic reports shall be provided for review to the Board.

The Company will institute a well-defined, transparent monitoring and review mechanism to ensure that each CSR project/ programme has:

1. Clear objectives developed out of the societal needs that may be determined through need assessment studies and research (secondary or primary);
2. Clear targets, time lines and measurable indicators, wherever possible;
3. A progress monitoring and reporting framework that is aligned with the requirements of Section 135 of the Companies Act 2013 and the CSR Rules.

# Annual Report on CSR Activities

## 1. Brief outline of the Company's CSR Policy, including overview of projects / programmes proposed to be undertaken:

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,
- Eradicating hunger and poverty, through livelihood generation and skill development,
- Promotion of sports through training of sportspersons,
- Supporting environmental and ecological balance, conservation of natural resources and similar programmes.

CSR Policy is attached as Annexure F to the Director's report. The policy is also available on the website of the Company at: [http://www.cholainsurance.com/pdf/Policies/Corporate\\_Social\\_Responsibility\\_Policy.pdf](http://www.cholainsurance.com/pdf/Policies/Corporate_Social_Responsibility_Policy.pdf)

## 2. Composition of the CSR Committee:

Mr. M M Murugappan (Non-Executive Director & Chairman)

Mr. Margam Rama Prasad (Independent Director)

Mr. S S Gopalarathnam (Managing Director)

Mr. Takahiko Shibakawa (Wholetime Director)

## 3. Average net profit of the Company for last three financial years:

Average net profit: ₹ 22,596 Lakh

## 4. Prescribed CSR Expenditure (2% of the amount as in item 3 above)

Amount required to be spent towards CSR: ₹ 452 lakh

## 5. Details of CSR spent during the financial year.

- a. Total amount spent for the financial year : ₹ 468 lakh
- b. Amount unspent: Nil
- c. Manner in which the amount spent during the financial year is detailed below.

(₹ Lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (a) Local area or other (b) State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects Subheads: (a)Direct expenditure on projects or programs (b) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct (D) or through Implementing Agency (IA)
1.	Contribution for renovation of buildings and toilets, construction of new toilets, water tanks, wash sinks and up gradation of labs and centre for electricity management.	Improving access to education	Avadi, Chennai, Tamil Nadu.	107.00	107.00	107.00	IA AMM Foundation, Chennai
2.	Contribution to Sri Ramaswami Mudaliar Higher Secondary School for renovation of boys' toilets, provision of temporary shed, office equipments and computers and funding the operation of the School.	Improving access to education	Ambattur, Chennai, Tamil Nadu	104.00	104.00	104.00	IA AMM Foundation, Chennai
3.	Contribution towards funding the operation of the Mobile Science Lab.	Improving access to education	Sivagangai District, Tamil Nadu	15.00	15.00	15.00	IA AMM Foundation, Chennai

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (a) Local area or other (b) State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects Subheads: (a)Direct expenditure on projects or programs (b) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct (D) or through Implementing Agency (IA)
4.	Contribution for funding infrastructure facilities and provision of computers and training in digital literacy and life skills.	Improving access to education	Walajabad, Chennai, Tamil Nadu	40.00	40.00	40.00	IA United Way of Chennai, Chennai
5.	Contribution towards Scholarship for 15 economically weaker students.	Improving access to education	Chennai, Tamil Nadu	10.00	10.00	10.00	IA Indian Institute of Technology, Madras
6.	Contribution towards popularization of Bharti Script	Improving access to education	Chennai, Tamil Nadu	7.26	7.26	7.26	IA Indian Institute of Technology, Madras
7.	Contribution towards digitization of primary teachers training in the area of dyslexia.	Improving access to education	Chennai, Tamil Nadu	20.00	20.00	20.00	IA Madras Dyslexia Association, Chennai
8.	Contribution for creating mass awareness in Tamil Nadu to save Indian rivers and water bodies.	Improving access to education	Tamil Nadu	10.00	10.00	10.00	IA Isha Out Reach, Coimbatore
9.	Contribution for providing mobile toy van for education of school children in the villages in Tamil Nadu.	Improving access to education	Tamil Nadu	10.00	10.00	10.00	IA Vidyarambam Trust, Chennai
10.	Conducting road safety awareness among bus drivers & conductors of Madras Transport Corporation through campaigns.	Improving access to education (Road safety)	Chennai, Tamil Nadu	30.00	30.00	30.00	D
11.	Conducting road safety awareness through interventions at 3 accident black spots in Chennai.	Improving access to education (Road Safety)	Chennai, Tamil Nadu	22.23	22.23	22.23	D
12.	Contribution for conducting free cataract and major eye surgeries on indigent patients.	Promotion of health care including preventive health care	Chennai, Tamil Nadu	10.00	10.00	10.00	IA Medical Research Foundation, Chennai
13.	Contribution for free distribution of wheel chairs to needy handicapped persons.	Promotion of health care including preventive health care	Chennai, Tamil Nadu	5.00	5.00	5.00	IA Dorcas Research Centre for Education, Art and Culture , Chennai
14.	Contribution for welfare, training and rehabilitation of visually and hearing impaired persons.	Promotion of health care including preventive health care	Chennai, Tamil Nadu	2.50	2.50	2.50	IA National Association for the Blind , Chennai & Dorcas Research Centre for Education , Art and Culture, Chennai

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (a) Local area or other (b) State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects Subheads: (a)Direct expenditure on projects or programs (b) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct (D) or through Implementing Agency (IA)
15.	Contribution towards free medical Camps in tier 3 / 4 towns.	Promotion of health care including preventive health care	Tamil Nadu, Maharashtra, Gujarat, Andhra Pradesh & Telengana covering 144 cities	27.24	27.24	27.24	D
16.	Contribution for de-silting of village pond.	Ensuring Environmental sustainability, conservation of natural resources.	Thiruvavur, Tamil Nadu	1.98	1.98	1.98	IA ETM Trust, Chennai
17.	Contribution for identifying hot spots of environmental pollution.	Ensuring Environmental sustainability, conservation of natural resources.	Chennai, Tamil Nadu	10.00	10.00	10.00	IA Indian Institute of Technology, Madras
18.	Contribution for distribution of household items to orphanages and welfare homes, free provision of meals to poor children.	Eradicating hunger, poverty and malnutrition.	Chennai, Tamil Nadu	2.00	2.00	2.00	IA The Ojas Trust, Chennai & Yogasaras Educational Academy, Secunderabad
19.	Contribution for promotion of classical music, dance, drama and lecture demonstrations by classical artists	Protection of Art & Culture	Chennai, Tamil Nadu	4.00	4.00	4.00	IA Sri Parthasarathy Swamy Sabha ,Chennai; Bharatiya Vidya Bhavan, Chennai & The Madras Players, Chennai
20.	Contribution for imparting training and coaching to Indian judo players and coaches.	Training to promote Olympic Sports.	Ahmadabad & New Delhi	10.00	10.00	10.00	IA Youth Reach, New Delhi
21.	CSR Administrative Expenses	N.A.	N.A.	19.44	19.44	19.44	N.A.
<b>Total</b>				<b>467.65</b>	<b>467.65</b>	<b>467.65</b>	

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

Not Applicable.

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

For and on behalf of CSR Committee

For Cholamandalam MS General Insurance Company Limited

M M Murugappan  
Chairman

S S Gopalarathnam  
Managing Director

Date: April 26, 2018  
Place: Chennai

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on March 31, 2018**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

CIN	U66030TN2001PLC047977
Registration Date	November 2, 2001
Name of the Company	Cholamandalam MS General Insurance Company Limited
Category / Sub-Category of the Company	Company limited by shares / Indian non-government Company
Address of the Registered office and contact details	Dare House, II floor, NSC Bose Road, Parrys, Chennai – 600001
Whether listed company	No*
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenuim Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad -500032. Tel.: +91-40-67161500 Toll Free: 1800 345 4001

\*Non-Convertible Debentures of the Company are listed on the Debt Wholesale Market segment of National Stock Exchange of India.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

Business activities contributing 10% or more of the total turnover of the company:

Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
General Insurance business	65120	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
T1 Financial Holdings Limited (formerly Tube Investments of India Limited)	L65100TN1949PLC002905	Holding Company	59.9%	2(46)

**IV. SHARE HOLDING PATTERN ( Equity share capital breakup as percentage of total equity)**

**(i) Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	559	179282861	179283420	60	559	179282861	179283420	60	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>	<b>559</b>	<b>179282861</b>	<b>179283420</b>	<b>60</b>	<b>559</b>	<b>179282861</b>	<b>179283420</b>	<b>60</b>	<b>-</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	41832798	77689482	119522280	40	41832798	77689482	119522280	40	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):</b>	<b>41832798</b>	<b>77689482</b>	<b>119522280</b>	<b>40</b>	<b>41832798</b>	<b>77689482</b>	<b>119522280</b>	<b>40</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>41833357</b>	<b>256972343</b>	<b>298805700</b>	<b>100</b>	<b>41833357</b>	<b>256972343</b>	<b>298805700</b>	<b>100</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FII's	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2. Non Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>41833357</b>	<b>256972343</b>	<b>298805700</b>	<b>100</b>	<b>41833357</b>	<b>256972343</b>	<b>298805700</b>	<b>100</b>	<b>-</b>



**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	TI Financial Holdings Limited (formerly Tube Investments of India Limited)	179282861	59.9	-	179282861	59.9	-	-
2.	Mitsui Sumitomo Insurance Co. Ltd.	119522280	40	-	119522280	40	-	-
3.	Kartik Investments Trust Ltd.	113	-	-	103	-	-	-
4.	Ambadi Enterprises Limited	112	-	-	112	-	-	-
5.	Presmet Pvt. Ltd. *	112	-	-	-	-	-	-
6.	Murugappa Management Services Ltd.	111	-	-	111	-	-	-
7.	Ambadi Investments Ltd. * #	111	-	-	223	-	-	-
8.	Chola People Services Pvt. Ltd.	-	-	-	10	-	-	-

\* Consequent to merger of Presmet Pvt. Ltd. with Ambadi Investments Private Limited, 112 equity shares of ₹ 10/- each earlier held by Presmet Pvt. Ltd. stand transferred to Ambadi Investments Private Limited, as provided in the scheme of merger.

#Name of Ambadi Investments Private Limited was changed to Ambadi Investments Limited consequent to conversion of the Company from Private to Public Company.

**(iii) Change in Promoters' Shareholding**

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
<b>Kartik Investments Trust Ltd</b>				
At the beginning of the year	113	-	NA	NA
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	19.09.2017	-	103	-
		Transfer of 10 equity shares		
At the end of the year	NA	NA	103	-
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
<b>Chola People Services Pvt. Ltd.</b>				
At the beginning of the year	-	-	NA	NA
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	19.09.2017	-	10	-
		Transfer of 10 equity shares		
At the end of the year	NA	NA	10	-

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
<b>Presmet Pvt. Ltd.</b>				
At the beginning of the year	112	-	NA	NA
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	28.08.2017	-	-	-
	Merger of shareholder Company with Ambadi Investments Ltd.			
At the end of the year	NA	NA	-	-
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
<b>Ambadi Investments Ltd.</b>				
At the beginning of the year	111	-	NA	NA
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	28.08.2017	-	223	-
	Merger of Presmet Pvt. Ltd. with shareholder Company			
At the end of the year	NA	NA	223	-

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

For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
No shareholders other than Promoters of the Company				

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

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
At the beginning of the year	None of the Directors and key managerial personnel hold shares in the Company			
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	None of the Directors and key managerial personnel hold shares in the Company			
At the end of the year	None of the Directors and key managerial personnel hold shares in the Company			

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(₹ Lakh)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Change in indebtedness during the financial year</b>				
- Addition	-	10,000	-	-
- Reduction	-	-	-	-
<b>Net Change</b>	-	10,000	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	10,000	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	304.45	-	-
<b>Total (i+ii+iii)</b>	-	10,304.45	-	-

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Wholetime Directors\* and / or Manager

(₹ Lakh)

Sr. No.	Particulars of Remuneration	Mr. S S Gopalarathnam, Managing Director
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	255.18
	(b) Value of perquisites under Section 17(2) Income-tax Act, 1961	0.69
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- Others, specify...	-
5.	Others (retiral benefits)#	30.15
	<b>Total (A)</b>	<b>286.02</b>
	Ceiling as per the Act	1,730.25

#Excludes provision for long term compensated absences and the gratuity contribution which are determined actuarially on an overall company basis.

\*The terms of payment of Mr. Takahiko Shibakawa, Wholetime Director, is governed by secondment agreement with Joint venture partner, Mitsui Sumitomo Insurance Company Limited (MSI). As per the agreement, ₹ 25.33 lakh is payable as secondment fees (remuneration reimbursement & performance incentives) to MSI for FY 2017-18.

### B. Remuneration to other directors

#### 1. Independent Directors

(₹ Lakh)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. A V Muralidharan*	Mr. NSR Chandra Prasad	Ms. Shubhalakshmi Panse	Mr. Margam Rama Prasad @	
1.	Fee for attending Board / Committee meetings	1.70	4.60	3.85	2.35	12.50
2.	Commission #	7.50	7.50	7.50	-	22.50
3.	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>9.20</b>	<b>12.10</b>	<b>11.35</b>	<b>2.35</b>	<b>35.00</b>

\* Ceased to be a director with effect from July 25, 2017

@ Appointed with effect from July 25, 2017

# Commission paid during the year for FY 2016-17

## 2. Other Non-Executive Directors

(₹ Lakh)

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. M M Murugappan	Mr. P V Bhide	Mr. N Srinivasan	Mr. Maki Kumagai*	Mr. Tamaki Kawate**	
1.	Fee for attending Board / Committee meetings	1.45	2.40	7.10	-	4.60	15.55
2.	Commission#	-	15.00	7.50	0.53	6.97	30.00
3.	Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	<b>1.45</b>	<b>17.40</b>	<b>14.60</b>	<b>0.53</b>	<b>11.57</b>	<b>45.55</b>
	<b>Total (B)=(1+2)</b>						<b>80.55</b>
	Overall ceiling as per the Act						<b>346.05</b>

\* Ceased to be a director with effect from April 27, 2016

\*\* Appointed on the Board with effect from April 27, 2016

# Commission paid during the year for FY 2016-17.

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD:

(₹ Lakh)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
		Mr. Suresh Krishnan, Company Secretary	Mr. S K Rangaswamy, Chief Financial Officer#	Mr. S Venugopalan, Chief Financial Officer*	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	51.61	27.42	32.16	111.19
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	0.38	0.23	0.16	0.77
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others	-	-	-	-
5.	Others (retiral benefits)	5.34	2.76	3.56	11.66
	<b>Total</b>	<b>57.33</b>	<b>30.41</b>	<b>35.88</b>	<b>123.62</b>

# Ceased to be Chief Financial Officer from September 30, 2017

\* Appointed as Chief Financial Officer from October 1, 2017

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishments / compounding of offences for breach of any Section of the Companies Act against the Company or its Directors or other officers in default for the year ending March 31, 2018.

## Annexure I

**Information under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Board's report for the year ended March 31, 2018**

Nature of Disclosure	Particulars		
a) Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Name / Designation	% increase in remuneration in 2018 as compared to 2017	Ratio of Remuneration to Median Remuneration of employees
	Mr. M M Murugappan, Non-Executive Chairman (from October 28, 2017)	NA since served only for a part of the FY	0.68:1
	Mr. Pradeep V Bhide, Non-Executive Chairman (till October 28, 2017)	NA since served only for a part of the FY	0.96:1
	Mr. A V Muralidharan, Independent Director (till July 25, 2017)	NA since served only for a part of the FY	0.35:1
	Mr. Margam Rama Prasad, Independent Director (from July 25, 2017)	NA since served only for a part of the FY	0.65:1
	Ms. Shubhalakshmi Panse, Independent Director	(0.87)	0.98:1
	Mr. N S R Chandra Prasad, Independent Director	(0.82)	1.05:1
	Mr. N Srinivasan, Non-Executive Director	2.10	1.26:1
	Mr. Tamaki Kawate, Non-Executive Director	NA since served only for a part of previous FY	1.05:1
	Mr. S S Gopalathnam, Managing Director	14.73	24.77:1
	Mr. Takahiko Shibakawa, Wholetime Director	-	-
b) Percentage increase in remuneration of CFO, CS in the financial year	Name / Designation	% increase in remuneration in 2018 as compared to 2017	
	Mr. S Venugopalan, Chief Financial Officer (from October 1, 2017)	NA since served only for a part of the FY	
	Mr. S K Rangaswamy, Chief Financial Officer (till September 30, 2017)	NA since served only for a part of the FY	
	Mr. Suresh Krishnan	12.36	
c) Percentage increase in median remuneration of employees in the financial year	10.02% increase in median remuneration		
d) Number of permanent employees in the rolls of Company as on March 31, 2018	608		
e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	For employees other than managerial personnel who were in employment for the whole of FY 17 and FY 18, the average increase is 8.23%. The average increase for managerial personnel is 15.04%.		
f) Affirmation that the remuneration is as per the remuneration policy of the company	The remuneration is in line with the remuneration policy of the Company		

On behalf of the Board

Place: Chennai  
Date: April 26, 2018M M Murugappan  
Chairman

# Management Report

Registration No: 123

Date of Registration with the IRDA: July 15, 2002

In accordance with Part IV of Schedule B of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002, the Management submits the following Report.

1. We confirm that the registration certificate granted by the Insurance Regulatory and Development Authority to transact general insurance business is valid and the same has been renewed for the year 2018-2019.
2. To the best of our knowledge and belief, all material sums payable to the statutory authorities, other than contested claims, have been duly paid.
3. We confirm that during the year, the shareholding pattern was in accordance with the statutory / regulatory requirements. No transfer of shares was effected during the year ended March 31, 2018.
4. We declare that the funds of holders of policies issued in India have not been directly or indirectly invested outside India.
5. We confirm that the required solvency margins as prescribed under the Insurance Act, 1938 and the Insurance Regulatory and Development Authority (Assets, Liabilities and Solvency Margin of the Insurers) Regulations, 2016 read together with Circular No. 12/IRDA/F&A/CIR/May-09 dated May 26, 2009, Circular No. IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013, Circular No. IRDA/F&A/CIR/CLE/114/05/2015 dated 28th May 2015 and IRDA/ACT/CIR/SLM/066/03/2017 dated March 28, 2017 have been maintained during the year ended March 31, 2018.
6. We certify that the values of all the assets have been reviewed on the date of the Balance Sheet. To the best of our belief the assets set forth in the Balance Sheet as at March 31, 2018, read together with the accounting policies, are shown in the aggregate at amounts not exceeding their realizable or market value wherever applicable. These assets are categorised under the headings – "Loans", "Agents Balances", "Outstanding Premiums", "Interest, Dividend and Rents Outstanding", "Interest, Dividend and Rents Accruing but Not Due", "Amounts Due from Other Persons or Bodies Carrying on Insurance Business", "Sundry Debtors", "Bills Receivable", "Cash" and several items specified under "Other Accounts".
7. The Company is exposed to a variety of risks associated with its insurance business and the investment portfolio. The Risk Committee of the Board oversees the risk management processes, Asset-Liability Management process and lays down the risk appetite of the Company. The Company periodically reviews and updates detailed Risk Registers in respect of all areas of operations. The Company has in place a Business Continuity Management (BCM) framework.

The Company maintains a diversified portfolio of business across various lines and sub-lines of business. The Company reviews its underwriting standards periodically and has in place a mechanism of risk inspection by independent teams. As a general insurer, the Company is exposed to catastrophe risk which is mitigated by having a separate treaty for catastrophe risks which limits the Company's risk to any single event. Through an appropriate reinsurance program, the Company has kept its risk exposure at a level commensurate with its capacity. Operational risks are sought to be managed by a system of internal controls, limits on delegation of authority and segregation of duties where practical.

The Company has an offsite disaster recovery centre for its data back ups. The Company has a separate internal audit team which audits the operations at its branch offices according to an audit plan approved by the Audit Committee of the Board of Directors.

8. The Company does not have operations in any other country.
9. The information relating to the trend of claim settlements for the years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 is detailed in Annexure 1.
10. As at March 31, 2018, the investments of the Company comprise of investments in Government securities (both Central & State Govt securities), housing, infrastructure and other corporate bonds, fixed deposits with banks, money market instruments, other investments, property and listed equity shares. The investments in Government securities, housing, infrastructure and other corporate bonds are considered as "held to maturity" and are measured at historical cost subject to amortization. Investments in fixed deposits of banks are measured at face value. Investments in listed equity shares are measured at the last quoted price and the unrealised gain / loss credited to Fair Value Change Account except where the extent of diminution in value is considered permanent in which case an appropriate level of provisioning is carried.
11. The Company has adopted a prudent investment policy with emphasis on balancing requirements on portfolio duration, maintaining liquidity and optimising returns. Emphasis has been on investing in low risk investments such as Government securities, fixed deposits with banks, corporate bonds with minimum credit rating of AA- and with a presence in equity. The Company carries out a periodic review of the investment portfolio and the investment policy. The management is confident of the quality and performance of the investments.
12. The Management of Cholamandalam MS General Insurance Company certifies that :
  - a) The financial statements have been prepared in accordance with applicable accounting standards read together with the Regulations stipulated and Orders/ Circulars/ letters issued by the IRDA/ the provisions

of the Insurance Act, 1938 and the Companies Act, 2013 and disclosures have been made wherever the same is required. There is no other material departure from the accounting standards and generally accepted accounting principles in the general insurance industry.

- b) The Company has adopted accounting policies and applied them consistently (including those specifically required by various IRDAI Regulations) and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as of March 31, 2018, and of the profit for the year ended March 31, 2018.
- c) The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938 and the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The financial statements of the Company have been prepared on a going concern basis.
- e) The Company has an internal audit system commensurate with the size and nature of the business. The management certifies that adequate internal control systems and procedures were in existence for this financial year.
13. During the year under report, the Company has realisable

Outstanding Premium from Central & State Governments under Rashtriya Swastha Bima Yojana Scheme / Prime Minister Fasal Bima Yojana (PMFBY)/ Weather Insurance Schemes (Schedule 12 to the financial statements) beyond 30 days being the time limit prescribed under Rule 59 (a) of the Insurance Rules, 1939. The Company has represented to IRDAI through the General Insurance Council for relaxation of norms for such dues from the Government.

14. There are no payments made to individuals, firms, companies, and organizations, other than related parties, in which directors are interested in terms of Section 184 of the Companies Act, 2013. Transactions with related parties in terms of Accounting Standard 18 are included in Note 22 of Schedule 16 to the financial statements.

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

**M M Murugappan**  
Chairman

**S S Gopalarathnam**  
Managing Director

**N Srinivasan**  
Director

**Takahiko Shibakawa**  
Wholetime Director

**Suresh Krishnan**  
Company Secretary

**S Venugopalan**  
Chief Financial Officer

Place: Chennai  
Date: April 26, 2018

## Trend of Claims Settlement for the last five financial years

Period	No. of Claims								
	Engg	Fire	Liability	Marine	Misc	Accident	Health	Travel	Motor
<b>30 days</b>									
2017-18	327	247	819	18,748	599	1,114	21,476	28	73,203
2016-17	172	131	300	15,450	305	790	16,564	40	72,158
2015-16	167	628	34	12,667	521	701	12,994	28	52,168
2014-15	83	71	37	12,971	1,091	225	18,455	124	65,656
2013-14	63	102	248	9,289	568	1,578	1,33,489	99	53,016
<b>30 days to 6 months</b>									
2017-18	362	1,345	284	4,611	931	794	445	64	35,341
2016-17	444	577	231	5,523	1,208	863	3,281	67	33,450
2015-16	488	646	152	5,036	959	916	8,395	63	25,597
2014-15	330	361	335	4,351	269	869	36,969	-	5,621
2013-14	285	281	293	5,608	567	106	19	-	28,268
<b>6 months to 1 year</b>									
2017-18	78	354	42	463	44	88	1	7	4,317
2016-17	97	164	37	650	70	62	36	13	4,115
2015-16	95	116	17	302	22	59	465	8	3,953
2014-15	83	136	42	482	10	290	-	-	3,863
2013-14	101	139	32	556	17	6	-	-	4,815
<b>1 year to 5 years</b>									
2017-18	15	165	29	81	14	19	0	6	5,698
2016-17	15	39	13	133	8	18	160	18	5,942
2015-16	41	29	5	113	44	22	521	2	6,473
2014-15	24	47	14	152	11	71	-	-	6,267
2013-14	31	50	21	231	19	2	-	-	6,710
<b>5 years and above</b>									
2017-18	2	7	2	3	-	15	-	1	479
2016-17	-	4	1	10	2	12	2	1	392
2015-16	5	8	54	17	13	14	3	-	1,602
2014-15	1	1	2	-	-	73	-	1	636
2013-14	-	1	1	-	-	-	-	-	637



## Annexure 1

## Trend of claims settlement for the year last five financial years

₹ Lakh

Period	Amount Claimed								
	Engg	Fire	Liability	Marine	Misc	Accident	Health	Travel	Motor
<b>30 days</b>									
2017-18	82	228	222	1,490	4,410	2,469	7,992	11	15,579
2016-17	13	39	80	1,245	2,150	1,436	5,452	14	15,613
2015-16	28	281	7	489	1,705	867	3,810	20	11,180
2014-15	13	153	4	729	854	298	2,065	479	21,324
2013-14	22	45	23	513	2,145	1,801	12,712	343	9,329
<b>30 days to 6 months</b>									
2017-18	341	1,326	191	2,462	3,783	2,444	234	59	43,693
2016-17	305	1,863	163	3,207	7,056	1,970	1,688	47	40,134
2015-16	349	3,054	67	3,022	7,925	1,670	3,062	121	28,234
2014-15	286	1,686	108	1,940	7,372	1,401	5,617	9	9,598
2013-14	398	3,368	77	2,028	170	241	8	-	24,184
<b>6 months to 1 year</b>									
2017-18	107	1,643	42	806	578	175	20	43	18,073
2016-17	390	9,556	54	882	441	151	9	58	15,947
2015-16	331	1,665	98	1,121	442	120	60	37	13,963
2014-15	90	1,949	61	908	31	520	-	-	10,338
2013-14	755	4,833	46	2,141	47	30	-	-	9,414
<b>1 year to 5 years</b>									
2017-18	269	8,517	115	452	570	96	6	83	35,087
2016-17	385	3,561	67	245	9	65	14	49	33,803
2015-16	422	1,164	36	944	8,832	67	130	49	29,628
2014-15	473	2,380	81	428	39	145	-	-	21,481
2013-14	210	841	57	288	78	36	-	-	16,085
<b>5 years and above</b>									
2017-18	-	6	9	62	0	23	-	10	4,329
2016-17	-	7	-	1	10	32	1	23	2,076
2015-16	6	63	25	19	2	17	4	-	2,361
2014-15	51	6	12	-	-	53	-	8	1,489
2013-14	-	16	-	-	-	-	-	-	1,072

# Auditors' Report

## R.G.N Price & Co

Chartered Accountants  
Simpson's Buildings,  
861, Anna Salai,  
Chennai – 600 002

## Sharp & Tannan

Chartered Accountants  
Parsn Manere, A Wing, 3<sup>rd</sup> Floor,  
602, Anna Salai,  
Chennai -600 006

### Independent Auditors' Report on Financial Statements to the Members of Cholamandalam MS General Insurance Company Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Cholamandalam MS General Insurance Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and Revenue Accounts, the Profit and Loss Account and Receipts and Payments Statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013, (the Act) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and receipts and payments of the Company in accordance with the accounting principles generally accepted in India including the provisions of Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), Circulars/Orders/Directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI" / "Authority") in this regard, and the Accounting Standards specified under Section 133 of the Act, read with Companies (Accounting Standards) Rules, 2006. 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the Insurance Act, the IRDA Act, the IRDA Financial Statements Regulations, Orders/Directions/Circulars issued by the IRDAI, the accounting and auditing

standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared by the management in accordance with the requirements of the Insurance Act, the IRDA Act, the IRDA Financial Statements Regulations and the Act to the extent applicable, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2018;
  - b) in the case of Revenue Account, of the operating profit for the year ended on that date;
  - c) in the case of Profit and Loss Account, of the profit for the year ended on that date;

- d) in the case of Receipts and Payments Statement, of the receipts and payments for the year ended on that date;

### Report on Other Legal and Regulatory Requirements

5. As required by the IRDA Financial Statements Regulations, we have issued a separate certificate dated April 26, 2018 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDA Financial Statements Regulations.

As required by IRDA Financial Statements Regulations and the provisions of Section 143(3) of the Act, we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet, the Revenue Account, the Profit and Loss Account, and Receipts and Payments Statement dealt with by this Report are in agreement with the books of account;
- d) as the financial accounting system of the Company is centralised, no returns for the purpose of our audit are prepared at the branches and other offices of the Company as required under Section 143(8) of the Act;
- e) in our opinion, the Balance Sheet, Profit and Loss Account, and Receipts and Payments Statement dealt with by this report are in agreement with the books of account and comply with the Accounting Standards specified under Section 133 of the Act read with Companies (Accounting Standards) Rules, 2006, to the extent applicable and with the accounting principles prescribed in IRDA Financial Statements Regulations and Circulars/Orders/Directions issued by the IRDAI in this regard;
- f) investments of the Company have been valued in accordance with the Provisions of the Insurance Act and the IRDA Financial Statements Regulations;
- g) the accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards specified under Section 133 of the Act, read with Companies (Accounting Standards) Rules, 2006, to the extent applicable and with the accounting principles prescribed in IRDA Financial Statements Regulations and Circulars/Orders/Directions issued by the IRDAI in this regard;

- h) the estimate of claims Incurred but Not Reported [IBNR] and claims Incurred but Not Enough Reported [IBNER] has been certified by the Company's appointed actuary. The appointed actuary has certified to the Company that the assumptions used for such valuation are appropriate and are in accordance with the requirements of the IRDAI and Institute of Actuaries of India in concurrence with IRDAI. We have relied on the appointed actuary's certificate in this regard;

- i) 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 the Annexure A;
- j) on the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of sub-section (2) of Section 164 of the Act;
- k) with respect to 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 impact of pending litigations on its financial position in Note No. 7 of Schedule 16 to the financial statements;
- ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

**For R.G.N. Price & Co.**  
Chartered Accountants  
Registration No. 002785S

**K Venkatakrishnan**  
Partner  
M. No. 208591

Place: Chennai  
Date: April 26, 2018

**For Sharp & Tannan**  
Chartered Accountants  
Registration No.003792S

**V Viswanathan**  
Partner  
M. No. 215565

# Independent Auditor's Certificate

To the Members of Cholamandalam MS General Insurance Company Limited

(Referred to paragraph 5 of our Report on Other Legal and Regulatory requirements forming part of the Independent Auditors' Report dated April 26, 2018)

1. This certificate is issued to comply with the provisions of paragraph 3 and 4 of Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulation, 2002, (the "IRDA Financial Statements Regulations") read with Regulation 3 of IRDA Financial Statements Regulations and may not be suitable for any other purpose.

## Management's Responsibility for the Statement

2. The Company's Board of Directors is responsible for complying with the provisions of The Insurance Act, 1938 (the "Insurance Act") as amended by the Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, the IRDA Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the IRDA Financial Statements Regulations, orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI") which includes the preparation of the Management Report. This includes collecting, collating and validating data and designing, implementing and monitoring of internal controls suitable for ensuring compliance as aforesaid.

## Auditors' Responsibility

3. Our responsibility, for the purpose of this certificate, is limited of certifying matters contained in paragraphs 3 and 4 of Schedule C of the IRDA Financial Statements Regulations. We have conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the Institute of Chartered Accountants of India (the "ICAI") which include the concepts of test checks and materiality.

## Opinion

4. In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of account and other records maintained by Cholamandalam MS General

Insurance Company Limited (the 'Company') for the year ended March 31, 2018, we certify that:

- i. we have reviewed the management report attached to the financial statements for the financial year ended March 31, 2018 and there is no apparent mistake or material inconsistency therein with the financial statements;
- ii. based on the management representations and compliance certificates submitted to the Board of Directors, we certify that the Company has complied with the terms and conditions of registration stipulated by IRDAI vide their letter dated July 15, 2002;
- iii. we have physically verified the cash balances at the corporate office of the Company as at March 31, 2018 and have relied upon the certificates/confirmations received from the custodian and/or depository participants appointed by the Company in respect of the investments held by the Company as on that date;
- iv. the Company is not a trustee of any trust;
- v. no part of the assets of the policyholders' funds have been directly or indirectly applied in contravention of the provisions of the Insurance Act relating to application and investment of policyholders' funds.

**For R.G.N. Price & Co.**  
Chartered Accountants  
Registration No. 002785S

**For Sharp & Tannan**  
Chartered Accountants  
Registration No.003792S

**K Venkatakrisnan**  
Partner  
M. No. 208591

**V Viswanathan**  
Partner  
M. No. 215565

Place: Chennai  
Date: April 26, 2018

# Annexure A to the Independent Auditors' Report

(Referred to in paragraph 5(g) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of Cholamandalam MS General Insurance Company Limited ("the Company") as at March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

## Management's Responsibility for the 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the provisions of Section 11 of Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 ("the Insurance Act") read with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ("the Regulations"), circulars / orders / directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI"/ "Authority") and the provisions of Section 129 of the Companies Act, 2013 ("the Act").

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 March 31, 2018, 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 issued by the ICAI.

### For R.G.N. Price & Co.

Chartered Accountants  
Registration No. 002785S

### K Venkatakrishnan

Partner  
M. No. 208591

Place: Chennai

Date: April 26, 2018

### For Sharp & Tannan

Chartered Accountants  
Registration No.003792S

### V Viswanathan

Partner  
M. No. 215565

# Balance Sheet

as at March 31, 2018

FORM B-BS

Registration No.123

Date of Registration with the IRDA July 15, 2002

(₹ '000)

Particulars	Schedule	As at March 31, 2018	As at March 31, 2017
<b>SOURCES OF FUNDS</b>			
Share Capital	5	2,988,057	2,988,057
Reserves and Surplus	6	9,973,242	7,762,966
Fair Value Change Account - Shareholders		15,882	26,173
Fair Value Change Account - Policyholders		126,135	177,266
Borrowings	7	1,000,000	-
<b>TOTAL</b>		<b>14,103,316</b>	<b>10,954,462</b>
<b>APPLICATION OF FUNDS</b>			
Investments - Shareholders	8	7,114,879	6,293,606
Investments - Policyholders	8A	56,511,892	42,624,995
Loans	9	-	-
Fixed Assets	10	703,122	691,384
Deferred Tax Asset (Refer Note 18 of Schedule16)		772,995	693,176
Current Assets			
- Cash and Bank Balances	11	627,247	400,309
- Advances and Other Assets	12	11,984,841	7,351,191
<b>Sub-Total (A)</b>		<b>12,612,088</b>	<b>7,751,500</b>
Current Liabilities	13	43,986,845	31,233,709
Provisions	14	19,624,815	15,866,490
<b>Sub-Total (B)</b>		<b>63,611,660</b>	<b>47,100,199</b>
Net Current Assets (C) = (A – B)		(50,999,572)	(39,348,699)
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit and Loss Account (net of reserves)		-	-
<b>TOTAL</b>		<b>14,103,316</b>	<b>10,954,462</b>
Notes to Financial Statements	16		

The Schedules referred to above form an integral part of the Financial Statements  
This is the Balance Sheet referred to in our Report of even date attached

For and on behalf of the Board of Directors

**For R.G.N Price & Co**  
Chartered Accountants  
Firm Regn No.002785S

**K Venkatakrisnan**  
Partner  
M. No. 208591

Place: Chennai  
Date: April 26, 2018

**For Sharp & Tannan**  
Chartered Accountants  
Firm Regn No:003792S

**V Viswanathan**  
Partner  
M. No. 215565

**M M Murugappan**  
Chairman

**N Srinivasan**  
Director

**Suresh Krishnan**  
Company Secretary

**S S Gopalarathnam**  
Managing Director

**Takahiko Shibakawa**  
Wholetime Director

**S Venugopalan**  
Chief Financial Officer

# Profit and Loss Account

for the year ended March 31, 2018

FORM B-PL

Registration No.123

Date of Registration with the IRDA July 15, 2002

(₹ '000)

Particulars	Schedule	Year Ended March 31,2018	Year Ended March 31,2017
<b>1. OPERATING PROFIT/(LOSS)</b>			
(a) Fire Insurance		506,007	273,874
(b) Marine Insurance		65,878	96,592
(c) Miscellaneous Insurance		2,530,876	2,136,878
<b>2. INCOME FROM INVESTMENTS</b>			
(a) Interest and Dividend – Gross of TDS		471,576	424,657
(b) Profit on Sale of Investments		58,905	87,710
Less: Loss on Sale of Investments		-	-
<b>3. OTHER INCOME</b>			
<b>TOTAL (A)</b>		<b>3,633,242</b>	<b>3,019,711</b>
<b>4. PROVISIONS (Other than Taxation)</b>			
(a) For Diminution in the Value of Investments		20,867	-
(b) For Doubtful Debts		-	-
(c) Others		-	-
<b>5. OTHER EXPENSES</b>			
(a) Expenses other than those Related to Insurance Business		-	-
(b) Employees' Remuneration and Welfare Benefits		16,134	12,563
(c) Bad Debts Written Off		-	-
(d) Interest on Debenture & Debenture issue Related expenses		83,321	-
(e) Others - CSR Expenses & Donations		46,765	36,460
<b>TOTAL (B)</b>		<b>167,087</b>	<b>49,023</b>
<b>Profit Before Tax</b>		<b>3,466,155</b>	<b>2,970,688</b>
Provision for Taxation			
- Current Tax		1,119,917	1,075,000
- Deferred Tax		(79,819)	(185,767)
<b>Profit After Tax</b>		<b>2,426,057</b>	<b>2,081,455</b>
<b>APPROPRIATIONS</b>			
(a) Interim Dividends paid during the year		-	-
(b) Final Dividend Paid		(179,283)	-
(c) Dividend Distribution Tax Paid		(36,498)	-
(d) Transfer to Contingency Reserve for Unexpired Risks		-	-
(e) Transfer to General Reserve		(1,500,000)	-
(f) Transfer to Debenture Redemption Reserve		(100,000)	-
Balance of Profit Brought Forward from Previous Year		3,482,754	1,401,299
Balance Carried Forward to Balance Sheet		<b>4,093,030</b>	<b>3,482,754</b>
<b>Earnings Per Share - Basic &amp; Diluted (₹) (Refer Note 17 of Schedule 16)</b>		<b>8.12</b>	<b>6.97</b>
Face value per share (₹)		10.00	10.00
Notes to Financial Statements	16		

The Schedules referred to above form an integral part of the Financial Statements

This is the Profit and Loss Account referred to in our Report of even date attached

For and on behalf of the Board of Directors

**For R.G.N Price & Co**  
Chartered Accountants  
Firm Regn No.002785S

**For Sharp & Tannan**  
Chartered Accountants  
Firm Regn No:003792S

**M M Murugappan**  
Chairman

**S S Gopalarathnam**  
Managing Director

**K Venkatakrishnan**  
Partner  
M. No. 208591

**V Viswanathan**  
Partner  
M. No. 215565

**N Srinivasan**  
Director

**Takahiko Shibakawa**  
Wholetime Director

Place: Chennai  
Date: April 26, 2018

**Suresh Krishnan**  
Company Secretary

**S Venugopalan**  
Chief Financial Officer

# Receipts and Payments Statement

For the year ended March 31, 2018

Registration No. 123

Date of Registration with the IRDA July 15, 2002

(₹ '000)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
<b>Cash Flows from Operating Activities</b>		
Receipts from Policyholders - Premium on Direct Business	39,901,299	31,846,678
Other Receipts	5,480,946	4,053,636
Direct Claims Paid	(16,003,968)	(15,207,155)
Receipts / (Payments) from / to Reinsurers (Net)	(1,048,055)	1,277,090
Receipts / (Payments) from / to Co-insurers (Net)	29,630	(15,873)
Operating Expenses Paid	(9,661,160)	(8,619,814)
Commission Payments	(1,549,462)	(1,082,577)
Deposits and Advances Given (Net)	(1,186)	(738,434)
Taxes Paid	(1,451,239)	(1,224,225)
Service Tax/GST Paid	(5,966,313)	(4,342,098)
<b>Net Cash Flows from Operating Activities</b>	<b>9,730,492</b>	<b>5,947,228</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	(228,871)	(240,979)
Proceeds on Disposal of Fixed Assets	33	3,264
Purchase of Investments	(151,531,759)	(101,767,183)
Sale of Investments	137,594,783	92,980,721
Rents/Interest/ Dividends Received	3,933,037	3,196,772
Expenses Related to Investments	(10,886)	(9,210)
<b>Net Cash Flows used in Investing Activities</b>	<b>(10,243,663)</b>	<b>(5,836,615)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Issue of Non-convertible Debentures (NCDs)	1,000,000	
Dividend paid including Distribution tax paid	(215,781)	
Interest paid on NCD	(44,110)	
<b>Net Cash Flows from Financing Activities</b>	<b>740,109</b>	
Net Increase in Cash and Cash Equivalents	226,938	110,613
Cash and Cash Equivalents at Beginning of the Year	400,309	289,696
Cash and Cash Equivalents at End of the Year	<b>627,247</b>	<b>400,309</b>

This is the Receipts and Payments Account referred to in our Report of even date attached.

**For R.G.N Price & Co**  
Chartered Accountants  
Firm Regn No.002785S

**K Venkatakrisnan**  
Partner  
M. No. 208591

Place: Chennai  
Date: April 26, 2018

**For Sharp & Tannan**  
Chartered Accountants  
Firm Regn No:003792S

**V Viswanathan**  
Partner  
M. No. 215565

**M M Murugappan**  
Chairman

**N Srinivasan**  
Director

**Suresh Krishnan**  
Company Secretary

For and on behalf of the Board of Directors

**S S Gopalarathnam**  
Managing Director

**Takahiko Shibakawa**  
Wholetime Director

**S Venugopalan**  
Chief Financial Officer



# Revenue Account

for the year ended March 31, 2018

Registration No.123

FORM B-RA

Date of Registration with the IRDA July 15, 2002

Particulars	Schedule	Fire Business		Marine Business		Miscellaneous Business		Total	
		Year Ended March 31, 2018	Year Ended March 31, 2017	Year Ended March 31, 2018	Year Ended March 31, 2017	Year Ended March 31, 2018	Year Ended March 31, 2017	Year Ended March 31, 2018	Year Ended March 31, 2017
1. Premiums Earned (Net)	1	811,877	492,282	158,497	112,239	27,268,042	21,876,191	28,238,416	22,480,712
2. Profit / Loss on Sale / Redemption of Investments (Net)		26,641	23,538	1,136	1,311	440,091	570,994	467,868	595,843
3. Others		-	-	-	-	-	-	-	-
Administrative Charges		846	838	573	678	423	315	1,842	1,831
Investment income from pool (Terrorism pool)		56,440	56,543	-	-	15,672	9,560	72,112	66,103
4. Interest and Dividend (Gross of TDS)		213,284	113,963	9,094	6,349	3,598,685	2,914,847	3,821,063	3,035,159
<b>TOTAL (A)</b>		<b>1,109,088</b>	<b>687,164</b>	<b>169,300</b>	<b>120,577</b>	<b>31,322,913</b>	<b>25,371,907</b>	<b>32,601,301</b>	<b>26,179,648</b>
1. Claims Incurred (Net)	2	125,950	153,182	89,451	59,270	20,268,226	16,177,114	20,483,627	16,389,566
2. Commission (Net)	3	7,626	30,617	(46,207)	(62,677)	461,872	185,150	423,291	153,090
3. Operating Expenses Related to Insurance Business	4	469,505	229,491	60,178	27,392	8,061,939	6,875,720	8,591,622	7,132,603
4. Premium Deficiency		-	-	-	-	-	(2,955)	-	(2,955)
<b>TOTAL (B)</b>		<b>603,081</b>	<b>413,290</b>	<b>103,422</b>	<b>23,985</b>	<b>28,792,037</b>	<b>23,235,029</b>	<b>29,498,540</b>	<b>23,672,304</b>
<b>Operating Profit (A - B)</b>		<b>506,007</b>	<b>273,874</b>	<b>65,878</b>	<b>96,592</b>	<b>2,530,876</b>	<b>2,136,878</b>	<b>31,02,761</b>	<b>2,507,344</b>
<b>APPROPRIATIONS</b>									
Transfer to Shareholders' Account		506,007	273,874	65,878	96,592	2,530,876	2,136,878	31,02,761	2,507,344
Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
Transfer to Other Reserves		-	-	-	-	-	-	-	-
<b>TOTAL (C)</b>		<b>506,007</b>	<b>273,874</b>	<b>65,878</b>	<b>96,592</b>	<b>2,530,876</b>	<b>2,136,878</b>	<b>31,02,761</b>	<b>2,507,344</b>

Notes to Financial Statements 16

The Schedules referred to above form an integral part of the Financial Statements  
This is the Revenue Account referred to in our Report of even date attached

**For R.G.N Price & Co**  
Chartered Accountants  
Firm Regn No:002785S  
**K Venkatakrisnan**  
Partner  
M.No. 208591  
Place: Chennai  
Date: April 26, 2018

**For Sharp & Tannan**  
Chartered Accountants  
Firm Regn No:003792S  
**V Viswanathan**  
Partner  
M. No. 215565

**For and on behalf of the Board of Directors**  
**M M Murugappan**  
Chairman  
**N Srinivasan**  
Director  
**Suresh Krishnan**  
Company Secretary

**S S Gopalarathnam**  
Managing Director  
**Takahiko Shibakawa**  
Wholetime Director  
**S Venugopalan**  
Chief Financial Officer

# Schedules forming part of the Financial Statements

Particulars	Fire Business			Marine Business			Miscellaneous Business			Total		
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	
	March	March	March	March	March	March	March	March	March	March	March	
<b>Premium Earned (Net)</b>												
Premium from Direct Business Written	3,254,076	2,345,453	711,725	683,714	37,059,878	28,303,630	41,025,679	31,332,797	76,818	85,135	103,206	91,823
Add: Premium on Reinsurance Accepted	1,251,404	1,164,915	546,652	567,261	7,418,196	3,991,777	9,216,252	5,723,953	2,079,490	1,265,673	31,912,633	25,700,667
Less: Premium on Reinsurance Ceded	1,267,613	773,391	6,576	4,214	2,400,028	2,442,350	3,674,217	3,219,955	811,877	492,282	21,876,191	22,480,712
<b>Net Premium</b>												
Adjustment for Change in Provision for Unexpired Risks												
<b>Total Premium Earned (Net)</b>												
Note:												
Premium Income from business effected:												
In India	811,877	492,282	158,497	112,239	27,268,042	21,876,191	28,238,416	22,480,712				
Outside India												
<b>Total Premium Earned (Net)</b>												
<b>Schedule - 2</b>												
<b>Claims Incurred (Net)</b>												
Claims Paid												
Direct	1,172,142	1,525,867	527,224	558,008	14,356,911	13,092,415	16,056,277	15,176,290	3,164	598	3,829	(43,865)
Add: Reinsurance Accepted	976,374	1,380,858	440,960	492,174	1,763,728	2,666,530	3,181,062	4,539,562	198,932	145,607	10,381,422	10,592,863
Less: Reinsurance Ceded	199,819	272,801	47,518	44,331	32,907,541	23,021,553	33,154,878	23,338,685	272,801	265,226	17,225,861	17,541,982
Add: Claims Outstanding at the end of the year (including the estimates of IBNR and IBNER) (Net) *	272,801	265,226	44,331	50,895	25,233,163	17,225,861	25,550,295	17,541,982	125,950	153,182	20,483,627	16,389,566
Less: Claims Outstanding at the beginning of the year (including the estimates of IBNR and IBNER) (Net) **												
<b>Total Claims Incurred (Net)</b>												
Note:												
Claims, less reinsurance, paid to claimants	198,932	145,607	86,264	65,834	12,593,848	10,381,422	12,879,044	10,592,863	198,932	145,607	16,177,114	16,389,566
In India												
Outside India	15,195	14,890	13,615	13,190	17,659,132	11,728,887	17,687,942	11,756,967				
*Estimates of IBNR and IBNER at end of the year	14,890	14,664	13,190	17,690	11,728,887	6,452,565	11,756,967	6,484,919				
**Estimates of IBNR and IBNER at beginning of the year												

## Schedules forming part of the Financial Statements

Particulars	Commission (Net) (₹ '000)											
	Fire Business			Marine Business			Miscellaneous Business			Total		
	Year Ended March 31,2018	Year Ended March 31,2017	Year Ended March 31,2018	Year Ended March 31,2017	Year Ended March 31,2018	Year Ended March 31,2017	Year Ended March 31,2018	Year Ended March 31,2017	Year Ended March 31,2018	Year Ended March 31,2017	Year Ended March 31,2018	Year Ended March 31,2017
Commission Paid												
Direct	148,998	169,911	29,672	32,104	1,380,692	871,366	1,559,362	1,073,381				
Add: Reinsurance Accepted	1,598	1,738	-	-	165	219	1,762	1,957				
Less: Commission on Reinsurance Ceded	142,970	141,032	75,879	94,781	918,985	686,435	1,137,834	922,248				
<b>Net Commission</b>	<b>7,626</b>	<b>30,617</b>	<b>(46,207)</b>	<b>(62,677)</b>	<b>461,872</b>	<b>185,150</b>	<b>423,290</b>	<b>153,090</b>				
Agents	6,505	8,723	2,968	3,804	52,708	57,748	62,182	70,275				
Brokers	32,416	34,978	17,002	19,545	400,946	163,328	450,364	217,851				
Corporate Agency	110,077	126,210	9,702	8,755	927,038	650,290	1,046,817	785,255				
Referral	-	-	-	-	-	-	-	-				
<b>Total</b>	<b>148,998</b>	<b>169,911</b>	<b>29,672</b>	<b>32,104</b>	<b>1,380,692</b>	<b>871,366</b>	<b>1,559,362</b>	<b>1,073,381</b>				

# Schedules forming part of the Financial Statements

Particulars	Fire Business				Marine Business				Miscellaneous Business				Total			
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	
Operating Expenses Related to Insurance Business																(₹ '000)
1. Employees' Remuneration and Welfare Benefits	80,711	58,055	30,582	5,342	1,072,988	1,115,469	1,184,281	1,178,866								
2. Travel, Conveyance and Vehicle Running Expenses	9,124	7,725	2,583	711	115,325	148,433	127,032	156,869								
3. Training Expenses	1,016	1,339	81	123	14,493	25,736	15,590	27,198								
4. Rent, Rates and Taxes	9,129	7,630	725	702	130,244	146,608	140,098	154,940								
5. Repairs	1,636	1,246	130	115	23,344	23,947	25,110	25,308								
6. Printing and Stationery	6,049	5,420	480	499	86,299	104,138	92,828	110,057								
7. Communication	4,787	3,434	380	316	68,297	65,978	73,464	69,728								
8. Legal and Professional Charges	4,048	2,736	321	252	57,746	52,566	62,115	55,554								
9. Auditors' Fees and Expenses	143	108	11	10	2,046	2,082	2,200	2,200								
As Adviser or in any other capacity in respect of																
- taxation matters	20	15	2	1	278	284	300	300								
- Certification	71	64	6	6	1,019	1,230	1,096	1,300								
Out of Pocket Expenses	3	2	-	-	47	48	50	50								
10. Advertisement and Publicity	88,909	39,846	7,058	3,666	1,268,457	765,593	1,364,424	809,105								
11. Interest and Bank Charges	5,446	2,435	432	224	77,702	46,781	83,580	49,440								
12. Others																
Power and Electricity	2,585	2,012	205	185	36,875	38,651	39,665	40,848								
Information Technology Expenses	14,892	8,113	1,182	746	212,464	155,885	228,538	164,744								
Marketing Expenses	126,889	17,316	6,513	8,353	3,766,908	3,060,435	3,900,310	3,086,104								
Operating Lease Charges	818	-	65	-	11,674	-	12,557	-								
IRDAI Registration renewal fees	1,022	604	81	56	14,574	11,603	15,677	12,263								
Service Tax/GST Expense	-	5,903	-	497	71,150	50,600	71,150	57,000								
Outsourcing Expenses	69,973	32,082	6,507	2,952	577,590	616,419	654,070	651,453								
Net Exchange (Gain) / Loss	1	34	-	3	17	659	18	696								
Co-insurance Administrative Charges	1,228	1,173	335	525	1,274	1,148	2,837	2,846								
Terrorism Pool - Management Expenses	9,533	9,289	-	-	2,020	1,609	11,553	10,898								
IMTIPI / DR Pool - Administrative Expenses	-	-	-	-	100	(382)	100	(382)								
Miscellaneous Expenses (Net) (Note below)	18,754	14,517	1,489	1,336	267,560	278,932	287,803	294,785								
13. Depreciation	12,718	8,393	1,010	772	181,448	161,268	195,176	170,433								
<b>TOTAL</b>	<b>469,505</b>	<b>229,491</b>	<b>60,178</b>	<b>27,392</b>	<b>8,061,939</b>	<b>6,875,720</b>	<b>8,591,622</b>	<b>7,132,603</b>								
Less: Write Back of Provision no longer required	-	-	-	-	-	-	-	-								
<b>Note:</b>																
Miscellaneous Expenses are net of (a) Profit / (loss) on sale of Fixed Assets (Net)	(18)	54	(1)	5	(262)	1,033	(281)	1,092								

# Schedules forming part of the Financial Statements

## Schedule - 5

Share Capital		(₹ '000)	
Particulars		As at March 31, 2018	As at March 31, 2017
1. Authorised Capital	324,000,000 (Previous Year: 324,000,000) Equity Shares of ₹ 10 each	3,240,000	3,240,000
2. Issued Capital	298,805,700 (Previous Year: 298,805,700) Equity Shares of ₹ 10 each	2,988,057	2,988,057
3. Subscribed Capital	298,805,700 (Previous Year: 298,805,700) Equity Shares of ₹ 10 each	2,988,057	2,988,057
4. Called-up Capital	298,805,700 (Previous Year: 298,805,700) Equity Shares of ₹ 10 each fully paid up	2,988,057	2,988,057
	Less: Calls Unpaid	-	-
	Add: Equity Shares Forfeited (Amount originally paid up)	-	-
	Less: Par Value of Equity Shares bought back	-	-
	Less: Preliminary Expenses	-	-
	Expenses including Commission or Brokerage on Underwriting or Subscription of Shares	-	-
<b>Total</b>		<b>2,988,057</b>	<b>2,988,057</b>
	Note: Number of Shares held by TI Financial Holdings Limited (previously known as Tube Investment of India Limited), the Holding Company	179,282,861	179,282,861

## Schedule - 5A

### Shareholding Pattern [ As certified by the Management]

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Shareholder Category				
Promoters				
Indian	179,283,420	60	179,283,420	60
Foreign	119,522,280	40	119,522,280	40
<b>Total</b>	<b>298,805,700</b>	<b>100</b>	<b>298,805,700</b>	<b>100</b>

## Schedule - 6

Reserves and Surplus		(₹ '000)	
Particulars		As at March 31, 2018	As at March 31, 2017
1. Capital Reserve		-	-
2. Capital Redemption Reserve		-	-
3. Share Premium		1,432,645	1,432,645
4. General Reserve		2,847,567	
	Add: (a) Transfer from Contingency Reserve for Unexpired Risks		
	(b) Transfer from Profit and Loss Account	1,500,000	4,347,567
5. Catastrophe Reserve		-	-
6. Contingency Reserve for Unexpired Risks		-	-
7. Balance of Profit in Profit & Loss Account		4,093,030	3,482,754
8. Debenture Redemption Reserve (Refer Note 6 of Schedule 16)		100,000	-
<b>Total</b>		<b>9,973,242</b>	<b>7,762,966</b>

# Schedules forming part of the Financial Statements

## Schedule - 7

Borrowings		(₹ '000)	
Particulars	As at		As at
	March 31, 2018	March 31, 2017	
1. Debentures / Bonds (Refer Note 6 of Schedule 16)	1,000,000	-	-
2. Banks	-	-	-
3. Financial Institutions	-	-	-
4. Others	-	-	-
<b>Total</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>

## Schedule - 8

Investments - Shareholders		(₹ '000)	
Particulars	As at		As at
	March 31, 2018	March 31, 2017	
<b>Long Term Investments</b>			
1. Government Securities and Government Guaranteed Bonds including Treasury Bills	2,340,261	2,148,784	-
2. Other Approved Securities	-	-	-
3. Approved Investments	-	-	-
- Debentures/Bonds	2,345,382	1,945,040	-
- Fixed Deposits with Banks	-	47,306	-
- Equity Shares (Net of Fair Value Change)	134,767	146,356	-
- Investment Properties - Real Estate	32,233	37,085	-
4. Investments in Infrastructure and Social Sector	1,301,235	917,120	-
5. Investments in Alternate Investment Funds (AIF)	8,387	-	-
6. Other than Approved Investments	-	-	-
- Debentures/Bonds	22,364	25,731	-
- Equity Shares (Net of Fair Value Change)	22,086	39,821	-
<b>Total (A)</b>	<b>6,206,715</b>	<b>5,307,243</b>	<b>-</b>
<b>Short Term Investments</b>			
1. Government Securities and Government Guaranteed Bonds including Treasury Bills	16,773	32,306	-
2. Other Approved Securities	-	-	-
3. Approved Investments	-	-	-
- Debentures/Bonds	489,797	409,126	-
- Fixed Deposits with Banks	119,169	424,934	-
- Money market instruments	-	-	-
- Mutual Funds (Liquid Schemes)	246,642	36,355	-
4. Investments in Infrastructure and Social Sector	35,783	77,209	-
5. Other Than Approved Investments - Debentures/Bond	-	6,433	-
<b>Total (B)</b>	<b>908,164</b>	<b>986,363</b>	<b>-</b>
<b>Total (A) + (B)</b>	<b>7,114,879</b>	<b>6,293,606</b>	<b>-</b>

Notes:

- (1) All Investments are performing investments and are in India.
- (2) There are no contracts in relation to investments for purchases where deliveries are pending or for sales where payments are overdue.
- (3) Details of Cost and Market Value (₹. '000)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Cost	Market Value	Cost	Market Value
a) Equity Shares listed	143,660	156,854	160,014	186,177
b) Mutual Funds	246,288	246,642	36,345	36,355
c) Government and other securities	2,357,034	2,316,483	2,181,091	2,221,252
d) Fixed Deposit with Banks	119,169	119,169	472,240	472,240
e) Corporate Bonds	4,194,561	4,222,744	3,380,659	3,444,785
f) Money Market Instruments	-	-	-	-
g) Investment Properties - Real Estate	32,233	29,834	37,085	37,085
h) Investment in AIF	8,387	8,387	-	-
	<b>7,101,332</b>	<b>7,100,112</b>	<b>6,267,433</b>	<b>6,397,894</b>

# Schedules forming part of the Financial Statements

## Schedule - 8A

Investments - Policyholders		(₹ '000)	
Particulars		As at March 31, 2018	As at March 31, 2017
<b>Long Term Investments</b>			
1.	Government Securities and Government Guaranteed Bonds including Treasury Bills	18,588,166	14,553,171
2.	Other Approved Securities	-	-
3.	Approved Investments		
	- Debentures/Bonds	18,628,846	13,173,260
	- Fixed Deposits with Banks	-	320,394
	- Equity Shares (Net of Fair Value Change)	1,070,428	991,233
	- Investment Properties - Real Estate	256,018	251,166
4.	Investments in Infrastructure and Social Sector	10,335,417	6,211,424
5.	Investments in Alternate Investment Funds	66,613	-
6.	Other than Approved Investments		
	- Debentures/Bonds	177,636	174,269
	- Equity Shares (Net of Fair Value Change)	175,426	269,695
	<b>Total (A)</b>	<b>49,298,550</b>	<b>35,944,612</b>
<b>Short Term Investments</b>			
1.	Government Securities and Government Guaranteed Bonds including Treasury Bills	133,226	218,804
2.	Other Approved Securities	-	-
3.	Approved Investments		
	- Debentures/Bonds	3,890,346	2,770,905
	- Fixed Deposits with Banks	946,531	2,877,966
	- Money market instruments	-	-
	- Mutual Funds (Liquid Schemes)	1,959,022	246,225
4.	Investments in Infrastructure and Social Sector	284,217	522,916
5.	Other Than Approved Investments - Debentures/Bond	-	43,567
	<b>Total (B)</b>	<b>7,213,342</b>	<b>6,680,383</b>
	<b>Total (A) + (B)</b>	<b>56,511,892</b>	<b>42,624,995</b>

### Notes:

- (1) All Investments are performing investments and are in India.
- (2) There are no contracts in relation to investments for purchases where deliveries are pending or for sales where payments are overdue.
- (3) Details of Cost and Market Value (₹ '000) :

Particulars	As at March 31, 2018		As at March 31, 2017	
	Cost	Market Value	Cost	Market Value
a) Equity Shares listed	1,141,062	1,245,853	1,083,732	1,260,928
b) Mutual Funds	1,956,212	1,959,022	246,155	246,225
c) Government and other securities	18,721,392	18,399,303	14,771,973	15,043,975
d) Fixed Deposit with Banks	946,531	946,531	3,198,360	3,198,360
e) Corporate Bonds	33,316,460	33,540,312	22,896,342	23,330,651
f) Money Market Instruments	-	-	-	-
g) Investment Properties - Real Estate	256,018	236,966	251,166	251,166
h) Investment in AIF	66,613	66,613	-	-
	<b>56,404,288</b>	<b>56,394,601</b>	<b>42,447,729</b>	<b>43,331,305</b>

# Schedules forming part of the Financial Statements

## Schedule - 9

Loans		(₹ '000)	
Particulars	As at March 31, 2018	As at March 31, 2017	
<b>1. Security-wise Classification</b>			
Secured	-	-	
(a) On Mortgage of Property	-	-	
(b) On Shares, Bonds, Govt. Securities	-	-	
(c) Others	-	-	
Unsecured	-	-	
<b>Total</b>	<b>-</b>	<b>-</b>	
<b>2. Borrower - wise Classification</b>			
(a) Central and State Governments	-	-	
(b) Banks and Financial Institutions	-	-	
(c) Subsidiaries	-	-	
(d) Industrial Undertakings	-	-	
(e) Others	-	-	
<b>Total</b>	<b>-</b>	<b>-</b>	
<b>3. Performance - wise Classification</b>			
(a) Loans Classified as Standard	-	-	
(b) Non-performing Loans less Provisions	-	-	
<b>Total</b>	<b>-</b>	<b>-</b>	
<b>4. Maturity - wise Classification</b>			
(a) Short Term	-	-	
(b) Long Term	-	-	
<b>Total</b>	<b>-</b>	<b>-</b>	



## Schedules forming part of the Financial Statements

Particulars	Cost/ Gross Block				Depreciation/Amortisation			Net Block		
	As at April 1, 2017	Additions	Deductions	As at March 31, 2018	As at April 1, 2017	For The Year	On Sales/ Adjustments	Upto March 31, 2018	As at March 31, 2018	
Land (Undivided Share)	58,032	-	-	58,032	-	-	-	-	58,032	58,032
Buildings	365,831	1,150	-	366,981	32,368	5,959	-	38,327	328,654	333,463
Furniture and Fittings	53,357	1,321	452	54,226	46,062	4,672	346	50,388	3,838	7,295
Information Technology Equipment	410,046	37,803	17,522	430,327	298,062	59,259	2,407	354,914	75,413	111,982
Computer Software (Intangibles)	561,342	147,316	-	708,658	459,527	85,862	-	545,389	163,269	101,814
Vehicles	28,284	7,784	8,216	27,852	12,482	7,081	6,296	13,267	14,585	15,803
Office Equipment	29,114	2,405	194	31,325	26,238	2,355	173	28,420	2,905	2,876
Electrical Fittings	50,802	4,644	350	55,096	36,820	8,662	283	45,199	9,897	13,983
Improvement to Premises	136,995	8,635	1,133	144,497	90,879	21,324	727	111,476	33,021	46,117
<b>TOTAL</b>	<b>1,693,803</b>	<b>211,058</b>	<b>27,867</b>	<b>1,876,994</b>	<b>1,002,438</b>	<b>195,174</b>	<b>10,232</b>	<b>1,187,380</b>	<b>689,614</b>	<b>691,365</b>
Capital Work in Progress	-	-	-	-	-	-	-	-	13,508	19
(Including Capital Advances) (Refer Note 8 (i) of Schedule 16)										
<b>GRAND TOTAL</b>	<b>1,693,803</b>	<b>211,058</b>	<b>27,867</b>	<b>1,876,994</b>	<b>1,002,438</b>	<b>195,174</b>	<b>10,232</b>	<b>1,187,380</b>	<b>703,122</b>	
Previous year	1,448,994	261,515	16,706	1,693,803	846,539	170,433	14,534	1,002,438		691,384

**Schedule - 10**  
Fixed Assets

(₹ '000)

# Schedules forming part of the Financial Statements

## Schedule - 11

### Cash and Bank Balances

(₹ '000)

Particulars	As at March 31, 2018	As at March 31, 2017
Cash (including Cheques, Drafts and Stamps)	156,350	125,133
Bank Balances on Current Accounts (with Scheduled Banks)	464,997	271,075
Money at Call and Short Notice	-	-
Others (incl. Bank Deposits under Lien - Note 9 (a) of schedule 16)	5,900	4,101
<b>Total</b>	<b>627,247</b>	<b>400,309</b>
Cash Balance includes:		
Drafts/Cheques on Hand	149,443	118,024
Remittances in transit	-	-

# Schedules forming part of the Financial Statements

## Schedule - 12

### Advances and Other Assets

(₹ '000)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Advances</b>		
1. Reserve Deposits with Ceding Companies		
2. Application Money for Investments	-	-
3. Prepayments	1,866,090	716,260
4. Advances to Directors / Officers	-	-
5. Advance Tax Paid and Taxes Deducted at Source (Net of Provision for Taxation of ₹ 4,607,308 thousands) (Previous Period ₹ 3,487,391 thousands)	680,901	349,579
6. Others		
Advances to Employees	672	602
Advances to Vendors	16,130	5,370
Deposits for Premises and Advance Rent	-	-
GST/ST Unutilised Credit / paid in advance	298,158	31,405
Service tax paid under protest (Note 7 of Schedule 16)	60,447	46,031
Other Advances / Deposits	1,183,548	1,206,373
<b>Total (A)</b>	<b>4,105,946</b>	<b>2,355,620</b>
<b>Other Assets</b>		
1. Income Accrued on Investments	2,074,749	1,503,694
2. Outstanding Premium including GST/Service Tax, if any (includes ₹ 4,055,712 thousand (Previous year ₹ 1,810,964 thousand) from Central & State Governments under Rashtriya Swasthya Bima Yojana Scheme and Weather Based Crop Insurance Scheme)	4,084,995	1,826,793
3. Agents' Balances	-	-
4. Foreign Agencies Balances	-	-
5. Due from Other Entities Carrying on Insurance Business	340,087	469,123
6. Premium receivable from other insurance business	-	-
7. Due from subsidiaries / Holding Company	-	-
8. Others		
Redemption / Sales proceeds receivable	-	-
Receivable from IMTPIP Members	-	-
Receivable from Terrorism Pool (including investment income)	1,153,188	1,007,215
Unclaimed Amount of Policyholders Deposits (Refer Note 23 of Schedule 16)	57,300	129,800
Receivable from Nuclear Pool	20,405	9,900
Deposits for Premises and Advance Rent	65,131	49,046
Service Tax refund receivable	83,040	-
<b>Total (B)</b>	<b>7,878,895</b>	<b>4,995,571</b>
<b>Total (A) + (B)</b>	<b>11,984,841</b>	<b>7,351,191</b>

# Schedules forming part of the Financial Statements

## Schedule - 13

### Current Liabilities

(₹ '000)

Particulars	As at	As at
	March 31, 2018	March 31, 2017
1. Agents' Balances	119,945	77,867
2. Balances Due to Other Insurance Companies	5,951,839	2,196,580
3. Deposits Held on Reinsurance Ceded	-	-
4. Premiums Received in Advance / Deposits Received	1,514,719	1,226,216
5. Unallocated Premium	1,419,365	1,284,302
6. Sundry Creditors		
- Dues to Micro & Small Enterprises	-	-
- Dues to Others	1,009,251	371,072
7. Due to subsidiaries / Holding Company	-	-
8. Claims Outstanding (including the estimates of IBNR & IBNER)	33,154,878	25,550,294
9. Due to Officers/ Directors	-	-
10. Others		
Book Overdraft	69,025	263,059
Tax and Other Withholdings	22,311	103,613
Environment Relief Fund	210	136
GST Payable	615,085	3,751
Value Added Tax Payable	-	3
Unclaimed Amounts of Policyholders (Refer Note 23 of Sch 16)	79,772	156,816
Interest Accrued but not due on Borrowings	30,445	-
<b>Total</b>	<b>43,986,845</b>	<b>31,233,709</b>

## Schedule - 14

### Provisions

(₹ '000)

Particulars	As at	As at
	March 31, 2018	March 31, 2017
1. Provision for Unexpired Risk	19,312,018	15,637,801
Less: Unabsorbed Enrollment costs - Government Schemes	(30,384)	(20,457)
2. For Taxation	-	-
3. For Proposed Dividends	-	-
4. For Dividend Distribution Tax	-	-
5. Other Provisions		
Premium Deficiency	-	-
Leave and other Employee Benefits	343,181	249,146
<b>Total</b>	<b>19,624,815</b>	<b>15,866,490</b>

## Schedule - 15

### Miscellaneous Expenditure

(To the extent not written off or adjusted)

(₹ '000)

Particulars	As at	As at
	March 31, 2018	March 31, 2017
1. Discount Allowed in Issue of Shares / Debentures	-	-
2. Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

# Schedules forming part of the Financial Statements

## Schedule - 16

### Notes to Financial Statements

#### 1. Background Information

Cholamandalam MS General Insurance Company Limited (The Company /Chola MS) was incorporated on November 2, 2001 under the Companies Act, 1956 and has been issued Certificate of Registration by the Insurance Regulatory and Development Authority (IRDA) to transact general insurance business on July 15, 2002.

#### 2. Significant Accounting Policies

##### A. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention in accordance with the accounting principles prescribed by The Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, Orders / Circulars / Letters / Notifications issued by IRDAI from time to time, the applicable Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Companies (Accounting Standards) Rules, 2006.

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management of the Company (the Management) to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as of the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from estimates and assumptions used in preparing these financial statements.

##### B. Revenue Recognition

- (i) Premium (net of service tax/GST) is recognised as income on assumption of risk, after adjusting for unexpired risk.
- (ii) Reserve for Unexpired Risks:
  - a. Direct Business:
 

Reserve for Unexpired Risk, representing that part of the premium written that is attributable and allocable to the subsequent accounting period(s), is calculated principally on "Day Basis" in terms of Circular No IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013.
  - b. Inward Business from Pooling Arrangements:
    - I. In the case of the inward premium from IMTPDRIP (DR Pool), in view of the "clean cut" arrangement, the entire inward premium is recognized as revenue.
    - II. In the case of the inward premium from Terrorism Pool (Fire and Engineering lines of business) and Nuclear Pool (Liability lines of business), 50% of the premium advised by the Pool Manager for a 12-month period is considered as Reserve for Unexpired Risks.
- (iii) Interest income on investments is recognised on accrual basis and is net of accretion of discount or amortisation of premium over the balance period of maturity / holding. Dividend income is recognised when right to receive the same is established.
- (iv) Profit / loss on sale of investments - Realised gains or losses on investments representing the difference between the sale consideration and the carrying cost is recognised on the date of sale. In determining the realised gain or loss on sale of a security, the cost of such security is arrived on weighted average basis. In the case of listed equity shares, profit or loss on sale is adjusted for the accumulated changes in the fair value previously recognised in the fair value change account in respect of the shares sold.

##### C. Reinsurance Ceded and Commission Received

- (i) Reinsurance premium ceded is accounted in the year of commencement of risk in accordance with the treaty arrangements with the reinsurers. Non-proportional reinsurance cost is recognised when incurred and included in the premium on reinsurance ceded.
- (ii) Commission on reinsurance ceded is recognised as income on ceding of reinsurance premium. Profit commission under reinsurance treaties wherever applicable, is recognized in the year of determination of the profits as per the respective treaties and included in Commission on reinsurance ceded.

# Schedules forming part of the Financial Statements

## D. Acquisition Cost

- (i) Long Term Policies: Costs relating to acquisition of new / renewal of insurance contracts are expensed over the policy period.
- (ii) Other than Long Term Policies: Costs relating to acquisition of new / renewal of insurance contracts are expensed in the year in which they are incurred.

## E. Claims and Premium Deficiency

- (i) Claims incurred (net) include specific settlement costs comprising survey, legal and other directly attributable expenses and are net of salvage value and other recoveries, if any.
- (ii) Estimated liability for outstanding claims in respect of direct business is provided based on claims reported after adjusting claims recoverable from reinsurers / co-insurers, and includes provision for solatium fund.
- (iii) The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by the Appointed Actuary in compliance with guidelines issued by IRDA vide Circular No. 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2006, IBNR Manual dated May 22, 2008 and applicable provisions of the Actuarial Practice Standard 21 issued by the Institute of Actuaries in India. The Appointed Actuary has used alternative methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of businesses.
- (iv) In respect of incoming co-insurance, claims are accounted based on intimations received from co-insurers.
- (v) In respect of Declined Risk Pool, in view of the "clean cut" arrangement, the reserving for claims is made on the entire premium recognized as revenue.
- (vi) Premium deficiency, if any, is calculated based on actuarial valuation duly certified by the Appointed Actuary.
- (vii) In accordance with IRDA Circular No. IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013, enrolment costs in RSBY Schemes are absorbed over the policy period. The costs pertaining to future accounting periods are shown as reduction from Reserve for Unexpired Risks.

## F. Allocation of Operating Expenses

Operating expenses relating to insurance business are allocated to specific business segments on actual basis where such expenses are directly identifiable with a specific business segment. Other expenses are apportioned on the basis of net written premium in each business segment.

## G. Investments

- (i) Investments maturing within twelve months from the date of Balance Sheet and investments held with the specific intention to dispose of within twelve months from the date of Balance Sheet are classified as short-term investments. Investments other than short term are classified as long-term investments.
- (ii) All debt securities including government securities are considered as "held to maturity" and accordingly stated at historical cost subject to amortisation of premium/ accretion of discount over the balance period of maturity/holding.
- (iii) Listed and actively traded equity securities are stated at last quoted closing price on the National Stock Exchange (NSE). Where a security is not listed on NSE, the last quoted closing price on Bombay Stock Exchange (BSE) is adopted.
- (iv) Units of Mutual Funds are valued at the Net Asset Value (NAV).
- (v) In accordance with the IRDA (Investments) Regulations 2016, unrealized gain / loss arising due to changes in fair value of listed equity shares and mutual fund investments are taken to the "Fair Value Change Account". The credit balance, if any, in the fair value change account is not available for distribution, pending realisation.
- (vi) Impairment: The Company assesses at each reporting date, whether any impairment by way of diminution, other than temporary in value of its investments has occurred. Such a diminution, if any, is recognised as an expense in Profit and Loss Account.
- (vii) Segregation of invested assets is done by notionally allocating the closing Technical Reserves (Aggregate of Net Claims Outstanding and Reserve for Unexpired Risk and other related items) to Policyholders' Funds with the balance being reflected as Shareholders' Funds.

## Schedules forming part of the Financial Statements

(viii) Investment income where directly identifiable with a specific business segment is credited to the business segment and in all other cases is allocated to the respective Revenue Account and the Profit and Loss Account based on the ratio of "Technical Funds" and "Shareholders Funds", respectively.

### H. Employee Benefits

- (i) Liability for gratuity to employees which is a defined benefit plan is determined on the basis of actuarial valuation using Projected Unit Credit Method as on the Balance Sheet date. This liability is funded through a Gratuity Fund administered by trustees and managed by Life Insurance Corporation of India and the contribution thereof paid / payable is absorbed in the Financial Statements.
- (ii) Liability for short term compensated absences is recognized based on the eligible leave to the credit of the employees as at the balance sheet date on undiscounted basis. Liability for long term compensated absences is determined on the basis of actuarial valuation using Projected Unit Credit Method as on the Balance Sheet date.
- (iii) Fixed contributions to Provident Fund, Family Pension Fund and Superannuation Fund which are defined contribution plans and Cost of other benefits are recognised in the Financial Statements on actual cost to the Company.

### I. Fixed /Intangible Assets and Depreciation/Amortisation

- (i) Fixed Assets/Intangible Assets are stated at cost less accumulated depreciation/amortisation.
- (ii) Depreciation on fixed assets is provided on straight line method over the useful life of assets and in the manner as prescribed under part C of 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	5 years
Information Technology Equipment	
- Other than Kiosk Machines	3 years
- Kiosk Machines	5 years
Vehicles	4 years
Office Equipment	4 years
Electrical Fittings	4 years
Improvement to Premises	Equally over the primary lease period initially agreed upon or 5 years whichever is lower

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 in the Companies Act, 2013.

- (iii) Assets individually costing ₹ 5,000 or less are fully depreciated in the year of purchase.
- (iv) The carrying amounts of assets are reviewed at each balance sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use.
- (v) Computer software (Intangible assets) includes cost of application software which is amortized over a period of 3 years. Cost of other software is fully amortized in the year of purchase.

### J. Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the Revenue Account as per the lease terms.

### K. Borrowing cost

Borrowing costs are charged to Profit and Loss Account in the period in which they are incurred.

### L. Provisions, Contingent Liabilities & Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

# Schedules forming part of the Financial Statements

## M. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate ruling on the date of the transaction. Exchange differences arising on actual payments/ realisations are adjusted to the Revenue Account. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the rate of exchange prevailing on that date.

## N. Taxation

Income tax expense comprises current tax (i.e., amount of tax for the period determined in accordance with the Income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between the accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted as on the balance sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. In the case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only to the extent there is virtual certainty that the deferred tax assets can be realized. Deferred tax assets are reviewed as at each balance sheet date.

## 3. Terrorism Pool

(i) Premium received from customers on account of Terrorism cover has been ceded to General Insurance Corporation of India (GIC) Terrorism Pool Account. The Company's share in the Terrorism Pool Account with GIC, based on the statements of account received during the current year for the period upto December 31, 2017 has been accounted under the respective heads as follows:

- a) Premium Inwards - Premium on Reinsurance Accepted
- b) Claims - under Claims Paid and Claims Outstanding
- c) Management Expenses - under Operating Expenses Related to Insurance Business
- d) Investment Income (provisional statements received upto March 31, 2018) - under Interest and Dividends in the Revenue Accounts

The resultant surplus/ deficit is reflected as RI Receivable/ Payable on Terrorism Pool.

(ii) The Company's share in the Terrorism Pool Account with GIC for the period January 1, 2018 to March 31, 2018 will be accounted on receipt of the relevant statements of account from GIC.

## 4. India Nuclear Insurance Pool (Nuclear Pool):

(i) Premium received from customers towards Nuclear Policies has been ceded to General Insurance Corporation of India (GIC) - Nuclear Pool. The Company's share in the Nuclear Pool Account with GIC, based on the statements of account received during the current year for the period upto September 30, 2017 has been accounted under the respective heads as follows :-

- a) Premium Inwards - Premium on Reinsurance Accepted
- b) Claims - under Claims Paid and Claims Outstanding
- c) Management Expenses - under Operating Expenses Related to Insurance Business
- d) Investment Income - under Interest and Dividends in the Revenue Accounts

The resultant surplus/ deficit is reflected as RI Receivable/ Payable on Nuclear Pool.

(ii) The Company's share in the Nuclear Pool Account with GIC for the period October 1, 2017 to March 31, 2018 will be accounted on receipt of the relevant statements of account from GIC.

## 5. Indian Motor Third Party Declined Risk Insurance Pool [DR Pool]

IRDAI vide its Circular No. IRDA/NL/CIR/MISC/051/03/2016 dated March 15, 2016 has dismantled DR Pool with effect from April 1, 2016.

## 6. Borrowings

During the year the Company has issued 1000 Nos. 8.75% Unsecured, Subordinated, Fully paid up, Listed, Redeemable, Non convertible Debentures (NCDs) having face value of ₹ 1,000,000 each for cash at Par for a tenor of 10 years with a call option at the end of 5 years.

The Company has created Debenture Redemption reserve (DRR) of ₹ 100,000 thousand being proportionate charge over the debenture tenor.



# Schedules forming part of the Financial Statements

## 7. Contingent Liabilities

Particulars	(₹ '000)	
	Year Ended March 31,2018	Year Ended March 31,2017
Partly paid investments	Nil	Nil
Outstanding underwriting commitments	Nil	Nil
Claims, under policies, not acknowledged as debts - in respect of a disputed claim under a fire policy	Nil	Nil
Claims, other than those under policies, not acknowledged as debts		
Contested liabilities not provided for in respect of Tax matters pending before Appellate Authorities		
(I) Income Tax Matters:		
(i) In respect of disallowance of remittances to Foreign reinsurers for not withholding tax at source together with interest thereon (Note (a) Below)	468,072	415,179
(ii) In respect of disallowance of expenses related to Motor dealer payments (Note (b) Below)	519,215	250,091
(iii) In respect of disallowance of reimbursements made to Third Party Administrators (TPAs) for non deduction of tax at source	-	392,596
(iv) Others including UPR disallowance on IMTPIP	111,250	134,240
	<b>1,098,537</b>	<b>1,192,106</b>
(II) Service Tax Matters		
(i) Input Credit Availment on labour charges in motor claims (Note (c) below)	144,050	144,050
(ii) Claim for remittance of Service tax under "reverse charge" method for Business Auxiliary Services (Note (d) below)	258,768	258,768
(iii) Disallowance of Input Credit on payments to Preferred Motor Dealers (Note (e) Below)	304,037	304,037
(iv) Others (including appeals against levy of penalty only and reversal of credit on certain Input services)	35,759	35,830
<b>TOTAL</b>	<b>742,614</b>	<b>742,685</b>

**Income Tax Appeals:** The contested Income Tax liabilities have been ascertained taking into consideration the relief allowed by Commissioner of Income Tax (Appeals) (CIT (A)) and the principles adopted in the orders of the CIT (A) on similar disputed issues in the previous assessment years. Pending disposal of the appeals, the amounts so far remitted by the Company / adjusted by the Department stands at ₹ 859,988 thousand (Previous Year ₹ 639,435 thousand) for all the assessment years in respect of the above disallowances.

- a. The Company is on appeals before appellate forums against the disallowing the reinsurance remittances to foreign reinsurers domiciled in countries outside India. Considering the prevailing industry practice over several decades and the view taken by the Income Tax Department elsewhere in India on the same matters, the Company is of the opinion that the above demands are not sustainable.
- b. Based on the Show Cause Notice in respect of service tax transactions on payments made to Motor Dealers, Income Tax Department disallowed the payments made to the Motor Dealers during AY 2008-09, 2009-10, 2010-11 & 2011-12 (re-assessment) and AY 2012-13 to 2014-15. Considering that the Motor Dealers were providing various services to all insurance companies in accordance with the guidelines for outsourcing activities prescribed by IRDAI, and since the expenses were wholly and exclusively incurred for business purposes, the Company is of the opinion that the demand is not sustainable.

### Service Tax Appeals:

- c. The Company is on appeal to CESTAT against the order of the Commissioner with respect to disallowance of availment of input credit of service tax on labour charges in motor claims for the period July 2007 to March 2011. The Company made payment of ₹ 5,000 thousand (Previous Year ₹ 5,000 thousand) under protest as per stay orders of CESTAT. Considering the view taken by the Service Tax Department elsewhere in India on the same matter, the Company expects to succeed in its appeal.

## Schedules forming part of the Financial Statements

- d. The Company is on appeal to CESTAT against the order of the Commissioner with respect to the demand under reverse charge method on business auxiliary services availed from certain intermediaries. The Company has remitted ₹ 51,580 thousand (Previous Year ₹ 51,580 thousand) under protest. As the service providers have remitted Service Tax, there is no loss of revenue to the Government. Tribunals have held that where the remittance is made and there is no jeopardy to the interests of the Revenue, the demand cannot be enforced. The Company is confident of getting the appeals allowed.
- e. Commissioner of Service Tax has disallowed availment of input service tax credit for the Financial years 2010-11 to 2014-15, on payments made to motor dealers on the ground that the description of services mentioned in the invoices raised by the motor dealers do not confirm to the services rendered by them. The Company has remitted ₹ 14,300 thousand (Previous Year NIL) under protest. The Company has taken note of various case laws wherein it has been held that technical discrepancies cannot be a ground for disallowance of credit. The Company had preferred appeals before Tribunal and confident of getting the same allowed.

### 8. Commitments

- a) Commitments made and outstanding for fixed assets are ₹ 42,537 thousand (Capital advance paid ₹ 13,511) (Previous Year ₹ 28,600 thousand (Capital advance paid - NIL).
- b) Bank guarantees provided to customers / service providers towards performance commitments ₹ 2,100 thousand (Previous Year ₹ 2,100 thousand).
- c) Commitments made and outstanding in respect of investments ₹ 75,000 thousand (Previous Year- NIL)

### 9. Encumbrances

The assets of the Company are free from encumbrances except in the case of

- a) Deposits under lien to banks amounting to ₹ 5,900 thousand (Previous Year ₹ 4,101 thousand)
- b) Garnishee orders by Motor Accident Claims Tribunal (MACT) on bank balances amounting to ₹ 3,377 thousand (Previous Year ₹ 10,071 thousand) in respect of Motor Third Party Claims. These amounts duly provided for are included in the Outstanding Claims.

### 10. Provision for Free Look Period

Pursuant to the Circular No. CIR/41/IRDA/Health/SN/09-10/32 dated September 2, 2009, the Company has made a provision for Free Look period amounting to ₹ 352 thousand (previous year – ₹ 339 thousand).

### 11. Claims

Particulars	(₹ '000)	
	Year Ended March 31,2018	Year Ended March 31,2017
Claims, less reinsurance, paid to claimants:		
- In India	12,879,044	10,592,863
- Outside India	-	-
Ageing of claims (Gross) - including third party motor claims and reported IMTPIP claims:		
- Outstanding for more than six months	11,867,848	10,910,841
- Other Claims	6,632,314	5,155,906
Claims settled and remaining unpaid for more than six months	-	-

#### Claims where the claim payment period exceeds four years:

As per Circular No. F&A/CIR/017/May-04 the claims made in respect of contracts where claims payment period exceeds four years, are required to be recognized on actuarial basis. The Company does not have liability contracts where the claims payment period exceeds four years.

## Schedules forming part of the Financial Statements

### 12. Premium Retention & Reinsurance

- a) Extent of risk retained and reinsured (including Excess of Loss and Catastrophe reinsurance)

Particulars	(₹ '000)			
	Year ended March 31, 2018		Year ended March 31, 2017	
	Amount of Business Written (Direct)	% of Business Written (Direct)	Amount of Business Written (Direct)	% of Business Written (Direct)
Risk Retained	31,811,022	77.54	25,623,773	81.78
Risk Reinsured	9,214,657	22.46	5,709,024	18.22
<b>Total</b>	<b>41,025,679</b>	<b>100.00</b>	<b>31,332,797</b>	<b>100.00</b>

The above includes Excess of Loss reinsurance premium of ₹ 325,559 thousand (Previous Year ₹ 251,250 thousand)

- b) Risk Reinsured includes cession under the Terrorism Pool and Nuclear Pool arrangement
- c) As per Insurance Regulatory and Development Authority (General Insurance – Reinsurance) Regulations, 2000 prior approval from IRDAI is required in case of placement of surplus over and above the domestic reinsurance arrangements with one reinsurer outside India in excess of 15% of the total reinsurance premium ceded. In terms of the said Regulations, the Company has submitted details in respect of its reinsurance arrangements including those where the reinsurance support exceeds 15% from overseas reinsurers.

### 13. Sector-wise Business

Particulars	(₹ '000)			
	Year ended March 31, 2018		Year ended March 31, 2017	
	Amount of Business Written (Direct)	% of Business Written (Direct)	Amount of Business Written (Direct)	% of Business Written (Direct)
Rural Sector	7,505,127	18.29	5,179,371	16.53
Other Business	33,520,552	81.71	26,153,421	83.47
<b>Total</b>	<b>41,025,679</b>	<b>100.00</b>	<b>31,332,797</b>	<b>100.00</b>
Social Sector (No. of Lives)	1,283,732	-	1,000,203	-
Rural & Social Sector (No. Of Policies)	265,873	-	239,325	-

### 14. Employee Benefits:

- a) **Defined Contribution Plan:**

Expenses on defined contribution plan	(₹ '000)	
	Year Ended March 31, 2018	Year Ended March 31, 2017
Contribution to Staff Provident Fund / Family Pension Fund	43,855	41,558
Contribution to Superannuation Fund	14,109	13,227
<b>Total</b>	<b>57,964</b>	<b>54,785</b>

- b) **Defined Benefit Plan**

The liability in respect of the gratuity plan for employees which is a defined benefit obligation is determined by the Company based on actuarial valuation and the same is funded with Life Insurance Corporation of India (LIC). The following table, sets out the status of the gratuity plan as at March 31, 2018 as required under Accounting Standard 15 (Revised) – Employee Benefits.

# Schedules forming part of the Financial Statements

## Reconciliation of opening and closing balances of the present value of the defined benefit obligation

Particulars	(₹ '000)	
	Year Ended March 31,2018	Year Ended March 31,2017
<b>Obligations at beginning of the year</b>	66,934	56,469
Service Cost	13,505	11,094
Interest Cost	4,204	4,165
Actuarial (gain)/loss	32,554	648
Benefits paid	13,750	5,442
<b>Obligations at end of the year</b>	<b>103,447</b>	<b>66,934</b>
<b>Change in Plan Assets</b>		
Plan assets at fair value at beginning of the year	50,910	34,157
Expected return on plan assets	4,404	3,601
Actuarial (gain) / loss	(1,617)	3,253
Contributions	15,554	21,847
Benefits paid	13,750	5,442
<b>Plan assets at fair value at end of the year</b>	<b>58,735</b>	<b>50,910</b>

## Reconciliation of present value of the obligation and the fair value of the plan assets

Particulars	(₹ '000)	
	As at March 31,2018	As at March 31,2017
Fair value of plan assets at the end of the year	58,735	50,910
Present value of defined benefit obligations at the end of the year	103,447	66,934
<b>Asset / (Liability)*</b>	<b>(44,712)</b>	<b>(16,024)</b>
*Recognised as (liability) / asset in Balance Sheet respectively		
<b>Gratuity cost for the year</b>		
Service Cost	13,505	11,094
Interest Cost	4,204	4,165
Expected return on plan assets	4,404	3,601
Actuarial (gain) / loss	30,937	3,901
<b>Net Gratuity Cost</b>	<b>44,242</b>	<b>15,559</b>
<b>Assumptions</b>		
Interest rate	7.00%	7.00%
Estimated rate of return on plan assets	8.50%	8.50%
Salary Escalation Rate	5.00%	5.00%
Attrition Rate	7% - 9%	1% - 3%

## Other Disclosures:

Particulars	(₹ '000)				
	Year Ended March 31,2018	Year Ended March 31,2017	Year Ended March 31,2016	Year Ended March 31,2015	Year Ended March 31,2014
Present Value of defined benefit obligation	103,447	66,934	56,469	38,523	31,645
Fair Value of Plan assets	58,735	50,910	34,157	29,354	25,252
Surplus/(Deficit)	(44,712)	(16,024)	(22,312)	(9,169)	(6,393)

The details with respect to the composition of investments in the fair value of plan assets and the experience adjustments have not been disclosed in the absence of the said information.

The contribution expected to be made by the Company during the financial year 2018-19 amounts to ₹ 44,712 thousand.

## Schedules forming part of the Financial Statements

### 15. Segmental Reporting

The Company's primary reportable segments are business segments, which have been identified in accordance with the Regulations. The operating expenses and investment income attributable to the business segments are allocated as mentioned in Note 2. Segments revenue and results have been disclosed as per Annexure A. Due to inherent complexities, segment assets and liabilities have been identified to the extent possible. There are no reportable geographical segments since the Company provides services only to customers in the Indian market.

#### Segmental Breakup of the Balance Sheet as at March 31, 2018

	(₹ '000)				
Particulars	Fire	Marine	Miscellaneous	Unallocated	Total
Claims Outstanding	199,819	47,518	32,907,542	-	33,154,879
	(272,801)	(44,331)	(25,233,163)	-	(25,550,295)
Reserve for Unexpired Risk	3,550,502	49,306	15,712,209	-	19,312,017
	(2,282,888)	(42,731)	(13,312,182)	-	(15,637,801)
Investments	3,217,914	137,207	53,156,771	7,114,879	63,626,771
	(1,687,457)	(93,847)	(40,843,691)	(6,293,606)	(48,918,601)

(Previous year's figures are in brackets)

### 16. Operating Leases

The Company has entered into various operating lease agreements for office space, residential accommodation and information technology / infrastructure / office equipment. These leases are generally for a period of 5 years with an option to renew and escalation in rent once in three years. The lease rentals recognized in the Revenue Account during the year is ₹ 129,321 thousand (previous year ₹ 109,011 thousand)

	(₹ '000)	
Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Minimum Lease Payment		
- Not later than one year	74,052	89,217
- Later than one year but not later than five years	174,397	257,722
- Later than five year	19,304	50,279

### 17. Earnings Per Share

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Profit after Tax (₹ '000)	2,426,057	2,081,455
Weighted Average Number of Equity Shares	298,805,700	298,805,700
Earnings per Share		
Basic and Diluted (₹)	8.12	6.97
Face Value per Share (₹)	10.00	10.00

### 18. Deferred Tax Assets/(Liability) (net)

The components of deferred tax are as under:

	(₹ '000)	
Deferred Tax Assets arising on	As at March 31, 2018	As at March 31, 2017
Provision for compensated absences & other employee benefits	40,419	35,340
Provision for diminution in investments	7,222	-
Unexpired Risk Reserve	740,932	682,783
<b>Sub-total (a)</b>	<b>788,573</b>	<b>718,123</b>
Deferred Tax Liability arising on		
Written down value of Fixed & Intangible assets	15,578	24,947
<b>Sub-total (b)</b>	<b>15,578</b>	<b>24,947</b>
<b>Deferred Tax Assets (net) (a - b)</b>	<b>772,995</b>	<b>693,176</b>

# Schedules forming part of the Financial Statements

19. The balances of amount due to / due from other entities carrying on insurance business, especially the reinsurers' balances and the public sector co-insurers' balances, are subject to confirmation / reconciliation. Consequential adjustments, if any, will be accounted for on receipt of the statements / confirmation of the balances after examination.
20. In accordance with Circular No. IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013 and as certified by the Appointed Actuary, there is no premium deficiency at a segment level in respect of fire, marine and Miscellaneous segments during the year ended March 31, 2018 (Previous Year NIL)

## 21. Related Party Disclosure

### (A) List of Related Parties (Pursuant to Accounting Standard 18 as identified by the Management and relied upon by the Auditors):

- Holding Company: TI Financial Holdings Limited (Previously known as Tube Investments of India Limited)
- Fellow Subsidiaries:
  - Cholamandalam Health Insurance Limited (effective January 8, 2018)  
Pursuant to Demerger of the Holding Company, following Fellow subsidiaries ceases to be related parties after effective date of demerger i.e. August 1, 2017.
  - Shanthi Gears Limited,
  - Financiere C 10 SAS,
  - Sedis SAS,
  - Societe de Commercialisation De Composants Industriels,
  - Sedis Co. Limited,
  - TICI Motors Company Limited,
  - Tube Investments of India Limited (previously known as TI Financial Holdings Limited)
- Company under Common control: Cholamandalam MS Risk Services Ltd.
- Company holding substantial interest in voting rights: Mitsui Sumitomo Insurance Co. Ltd.
- Key Management Personnel :  
Managing Director - Mr. S.S.Gopalarathnam  
Whole time Director - Mr. Takahiko Shibakawa  
Chief Financial Officer – Mr. Rangaswamy SK (till September 30, 2017)  
Chief Financial Officer – Mr. Venugopalan S (from October 1, 2017)  
Company Secretary – Mr. Suresh Krishnan

### (B) Details of Related Party Transactions (Pursuant to Accounting Standard 18):

		(₹ '000)	
Transaction	Related Party	2017-18	2016-17
Rent Recovery	Mitsui Sumitomo Insurance Company Limited	14,661	13,413
	Cholamandalam MS Risk Services Ltd	5,818	-
Rental Income	TI Absolute Concepts Private Limited	80	115
Fees Incurred for Risk			
Inspection and advisory	Cholamandalam MS Risk Services Ltd	382,315	78,118
Premium Income	Tube Investments of India Limited	17,632	23,995
	TI Tsubamex Private Limited	-	269
	Shanthi Gears Limited	3,364	3,813
	Cholamandalam MS Risk Services Ltd.	36	453
	Key Managerial Persons	4	4
Claims Incurred (Net)	Tube Investments of India Limited	1,362	23,004
	Key Managerial Persons	37	-
	Cholamandalam MS Risk Services Ltd.	13	383

## Schedules forming part of the Financial Statements

		(₹ '000)	
Transaction	Related Party	2017-18	2016-17
	Shanthi Gears Limited	4	1,540
Gross Incurred Claims	Tube Investments of India Limited	-	246,667
	Cholamandalam MS Risk Services Ltd.	14	403
	Shanthi Gears Limited	-	1,730
Reinsurance Ceded	Mitsui Sumitomo Insurance Co. Ltd.	441,155	549,155
Reinsurance Commission Received	Mitsui Sumitomo Insurance Co. Ltd.	70,586	79,367
Reinsurance Recovery on Claims	Mitsui Sumitomo Insurance Co. Ltd.	789,666	1,343,722
Management Expenses, Sitting Fees, Secondment Charges, Marketing Expenses and Technical Fees	Mitsui Sumitomo Insurance Co. Ltd.	1,280	11,172
	TI Financial Holdings Limited	30,153	-
Management Expenses Recovered	Tube Investments of India Limited	-	377
	Mitsui Sumitomo Insurance Co. Ltd.	1,322	2,796
	Cholamandalam MS Risk Services Ltd.	-	6,283
	TI Financial Holdings Limited	93	-
	Shanthi Gears Limited	-	513
Dividends Paid	TI Financial Holdings Limited	107,570	-
	Mitsui Sumitomo Insurance Co. Ltd.	71,713	-
Investments redeemed	Tube Investments of India Limited	-	100,000
Interest Received	Tube Investments of India Limited	-	8,800
Managerial Remuneration - Managing Directors	Key Management Personal (Refer Note 23(1))	28,602	24,930
Secondment Charges - Whole Time Director	Key Management Personnel	2,533	2,533
Chief Financial Officer (Till 30 Sep. 2017)	Key Management Personnel	3,677	5,105
Chief Financial Officer (From 01 Oct. 2017)	Key Management Personnel	3,552	-
Company Secretary	Key Management Personnel	5,733	5,107
<b>Net Amount Receivable / (Due)</b>			
Payable (Net) - Claims Outstanding	Tube Investments of India Limited	-	10,926
	Shanthi Gears Limited	-	33
Receivable/(Payable) (Net) - Due from other entities carrying on insurance business	Mitsui Sumitomo Insurance Co. Ltd.	504,631	87,907
Receivable/(Payable) (Net) - Risk Services Cost	Cholamandalam MS Risk Services Ltd.	58,405	7,209
Receivable (Net) - Management expenses and rent	Tube Investments of India Limited	-	661
	Shanthi Gears Limited	-	622
	Cholamandalam Health Insurance Company	5	-
	Mitsui Sumitomo Insurance Co. Ltd.	1,237	5,796

### 22. Directors' Remuneration

#### (i) Remuneration to Managing Director

		(₹ '000)	
Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017	
Salaries and Allowances*	25,518	21,522	
Contribution to Provident and Other Funds*	3,015	2,543	
Perquisites	69	865	
<b>Total</b>	<b>28,602</b>	<b>24,930</b>	

\* Excludes provision for long term compensated absences and the gratuity contribution which are determined actuarially on an overall company basis and accordingly have not been considered in the above information.

## Schedules forming part of the Financial Statements

The remuneration to the Managing Director is in accordance with the terms of appointment approved by the Board of Directors, the Shareholders of the Company and the Insurance Regulatory Development Authority of India (IRDAI).

Managerial remuneration in excess of ₹ 15,000 thousand has been charged to Profit and Loss Account in accordance with IRDAI directive.

- (ii) As per the terms of appointment approved by the Board of Directors, the Shareholders and IRDAI, there is no remuneration payable in respect of the Whole-time Director, except for Secondment Charges reimbursable to Mitsui Sumitomo Insurance Company Limited, Japan (MS) amounting to ₹ 2,533 thousand (Previous Year ₹ 2,533 thousand) and the same has been charged to Profit and Loss Account in accordance with IRDAI directive.

### (iii) Remuneration to Non-Executive Directors

Particulars	(₹ '000)	
	Year Ended March 31, 2018	Year Ended March 31, 2017
Commission	5,256	5,250
Sitting Fees	2,805	2,795

23. As per IRDAI Master Circular on Unclaimed Amount of Policy Holders dated July 25, 2017, the statement showing the age-wise analysis of the unclaimed amounts of the policyholders as at March 31, 2018 is given below:

Particulars	(₹ '000)							
	Total Amount	0 - 6 months	7 - 12 months	13 - 18 months	19 - 24 months	25 - 30 months	31 - 36 months	36 - 120 months
Claims settled but not paid to the policyholders / insured due to any reasons except under litigation from the insured / policyholders	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sum due to the insured / policyholders on maturity or otherwise	NA	NA	NA	NA	NA	NA	NA	NA
Any excess collection of the premium / tax or any other charges which is refundable to the policyholders either as terms or conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	5,634	-	1,374	691	334	261	279	2,695
Cheques issued but not encashed by the policyholder / insured	67,842	-	13,379	12,923	8,030	9,696	4,061	19,753
<b>Total</b>	<b>73,476</b>	<b>-</b>	<b>14,753</b>	<b>13,614</b>	<b>8,364</b>	<b>9,957</b>	<b>4,340</b>	<b>22,448</b>

Note: The above disclosure does not include interest accrued for unclaimed amount of policyholders aggregating to ₹ 6,295 thousands.

### Details of Unclaimed Amount and Investment Income

Particulars	(₹ '000)	
	Year Ended March 31, 2018	Year Ended March 31, 2017
Opening Balance	129,800	-
Add: Amount transferred to Unclaimed Fund	27,500	123,953
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders	-	-
Add: Investment Income on Unclaimed Fund	448	5,847
Less: Amount of claims paid during the year	100,448	-
Less: Amount transferred to Senior Citizens' Welfare Fund (SCWF)	-	-
Closing Balance of Unclaimed Amount Fund	<b>57,300</b>	<b>129,800</b>

Note: The Company has placed separate fixed deposit amounting to ₹ 25,000 thousand on April 18, 2018.



## Schedules forming part of the Financial Statements

### 24. Details of Outsourcing, Business Development and Marketing Expenses:

Particulars	(₹ '000)	
	Year Ended March 31, 2018	Year Ended March 31, 2017
Outsourcing Expenses	654,070	651,453
Business Development Expenses	1,364,424	809,105
Marketing Expenses	3,900,310	3,086,104
<b>Total</b>	<b>5,918,804</b>	<b>4,546,662</b>

25. Based on and to the extent of information received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), and relied upon by the auditors, there are no due towards principal and interest payments to such suppliers.

### 26. Corporate Social Responsibility

(i) Gross Amount required to be spent by the Company during the year is ₹ 45,191 thousand (Previous year ₹ 32,365 thousand)

(ii) Activity wise spend:

Sr. No.	Particulars	(₹ '000)	
		Year Ended March 31, 2018	Year Ended March 31, 2017
		(Paid)	(Paid)
1.	Education	37,549	28,675
2.	Art and Culture & Sports	1,400	200
3.	Health Care	4,474	4,587
4.	Environmental Sustainability	1,198	2,000
5.	Hunger Eradication	200	-
6.	CSR Expenses	1,944	998
	<b>Total</b>	<b>46,765</b>	<b>36,460</b>

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

28. As per IRDA Circular No. 005/IRDA/F&A/CIR / May-09 details of various penal actions, if any, taken by various government authorities during the financial year are given below:

Sr. No.	Authority	Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	(₹ '000)
					Penalty Waived/ Reduced
1.	Insurance Regulatory & Development Authority	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
2.	Service Tax Authority	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
3.	Income Tax Authority	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4.	Any other Tax Authority (Sales Tax)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
5.	Enforcement Directorate / Adjudicating Authority / Tribunal or any Authority under FEMA	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6.	Register of Companies / NCLT / CLB / Department of Company Affairs or any Authority under Companies Act, 2013	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

## Schedules forming part of the Financial Statements

(₹ '000)

Sr. No.	Authority	Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
7.	Penalty awarded by any Court / Tribunal for any matter including claim settlement but excluding compensation	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
8.	Securities and Exchange Board of India	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
9.	Competition Commission of India	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
10.	Any other Central / State / Local Government / Statutory / Authority	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

The figures within brackets represents previous year's figures.

29. As prescribed by IRDAI, the summary of financial statements and the accounting ratios of the Company are presented in the Annexure attached. Particulars of the risk management architecture and quantitative aspects of claims outstanding are contained in the Management Report.
30. Previous year's figures have been regrouped/reclassified wherever necessary to confirm to the current year's presentation. The summary of the regroupings of the previous year's figures is as follows:

(₹ '000)

Sr. No.	Sch	Particulars	Previous year figures reported in current year	Reported in previous year(s)	Difference	Reasons
1.	8A	Investments – Policyholders	42,624,995	41,027,338	1,597,657	Reclassification of Unclaimed Amount of Policyholders deposit to Current Assets in line with IRDA Master circular on Unclaimed Amount of Policyholders and items included in Technical reserves in line with Accounting circular issued by IRDA.
2.	12	Unclaimed Amount of Policyholders Deposit	129,800	-	129,800	
3.	8	Investments – Shareholders	6,293,606	8,021,063	(1,727,457)	
4.	P&L	Interest and Dividend – Gross of TDS	424,657	541,217	(116,560)	The above change has resulted in change in allocation of Investment Income between Policyholders and Shareholders.
5.	P&L	Profit on sale of Investments	87,710	111,784	(24,074)	
6.	Revenue	Profit on sale of Investments	595,844	571,770	24,074	
7.	Revenue	Interest and Dividend – Gross of TDS	3,035,158	2,918,598	(116,560)	

Signature to Schedules 1 to 16

For and on behalf of the Board of Directors

M M Murugappan  
Chairman

S. S. Gopalarathnam  
Managing Director

N. Srinivasan  
Director

Takahiko Shibakawa  
Wholetime Director

Suresh Krishnan  
Company Secretary

S Venugopalan  
Chief Financial Officer

Place: Chennai  
Date : April 26, 2018

## Note 17

## (A) Segmental reporting for the year ended March 31, 2018

Particulars	Year	Marine				Miscellaneous				Workmen's Compensation
		Fire	Cargo	Other than Cargo	Total	Motor - Total	Motor OD	Motor TP (Note a below)	IMTPIP	
Premium from Direct Business Written	2017-18	3,254,076	711,718	8	711,726	26,407,335	9,923,030	16,484,305	-	44,037
	2016-17	2,345,453	683,705	9	683,714	21,654,794	9,224,427	12,430,367	-	46,576
Add: Premium on Reinsurance Accepted	2017-18	76,818	-	-	-	-	-	-	-	-
	2016-17	85,135	-	-	-	(18,742)	-	-	(18,742)	-
Less: Premium on Reinsurance Ceded	2017-18	1,251,404	546,651	-	546,651	2,358,036	1,493,099	864,937	-	2,289
	2016-17	1,164,915	567,260	-	567,260	1,155,125	501,718	653,407	-	2,329
Adjustment for Changes in Reserve for Unexpired Risk	2017-18	1,267,613	6,576	-	6,576	1,385,222	(667,306)	2,052,528	-	(2,525)
	2016-17	773,391	4,214	-	4,214	2,107,232	692,051	1,415,181	-	(1,400)
<b>Premiums Earned (Net)</b>	<b>2017-18</b>	<b>811,877</b>	<b>158,491</b>	<b>8</b>	<b>158,499</b>	<b>22,664,077</b>	<b>9,097,237</b>	<b>13,566,840</b>	<b>-</b>	<b>44,273</b>
	2016-17	492,282	112,231	9	112,240	18,373,695	8,030,658	10,361,779	(18,742)	45,647
Profit / (Loss) on Sale / Redemption of Investments	2017-18	26,641	1,136	-	1,136	411,950	51,507	360,443	-	404
	2016-17	23,538	1,311	-	1,311	534,674	96,851	437,823	-	821
Other income	2017-18	-	-	-	-	-	-	-	-	-
	2016-17	-	-	-	-	-	-	-	-	-
Others										
Administrative Charges	2017-18	846	573	-	573	73	27	45	-	-
	2016-17	838	678	-	678	-	-	-	-	-
Investment income from pool	2017-18	56,440	-	-	-	-	-	-	-	-
	2016-17	56,543	-	-	-	-	-	-	-	-
Interest and Dividend - Gross	2017-18	213,284	9,094	-	9,094	3,373,401	421,784	2,951,617	-	3,232
	2016-17	113,963	6,349	-	6,349	2,738,996	496,142	2,242,854	-	3,975
<b>Total Segmental Revenue</b>	<b>2017-18</b>	<b>1,109,088</b>	<b>169,294</b>	<b>8</b>	<b>169,302</b>	<b>26,449,501</b>	<b>9,570,556</b>	<b>16,878,945</b>	<b>-</b>	<b>47,909</b>
	2016-17	687,164	120,569	9	120,578	21,647,364	8,623,651	13,042,456	(18,742)	50,443
Claims Incurred (Net)	2017-18	125,950	89,450	-	89,450	18,052,348	4,453,148	13,240,767	358,433	7,126
	2016-17	153,182	59,270	-	59,270	14,666,292	4,672,433	9,830,561	163,298	23,304
Direct Commission Paid	2017-18	148,998	29,671	1	29,672	1,021,440	1,004,865	16,575	-	3,278
	2016-17	169,911	32,104	-	32,104	572,518	572,518	-	-	3,254
Commission on Reinsurance Accepted	2017-18	1,598	-	-	-	-	-	-	-	-
	2016-17	1,738	-	-	-	-	-	-	-	-
Commission on Reinsurance Ceded	2017-18	142,970	75,879	-	75,879	631,702	588,767	42,935	-	348
	2016-17	141,032	94,781	-	94,781	101,972	71,453	30,519	-	349
Operating Expenses Related to Insurance Business	2017-18	469,504	60,176	1	60,177	6,651,485	2,498,936	4,152,549	-	5,152
	2016-17	229,494	27,389	2	27,391	5,559,465	2,367,711	3,191,754	-	9,553
Other Expenditure / (Income)	2017-18	-	-	-	-	-	-	-	-	-
	2016-17	-	-	-	-	-	-	-	-	-
Premium Deficiency	2017-18	-	-	-	-	-	-	-	-	-
	2016-17	-	-	-	-	-	-	-	-	-
<b>Total Segmental Expenses</b>	<b>2017-18</b>	<b>603,080</b>	<b>103,418</b>	<b>2</b>	<b>103,420</b>	<b>25,093,571</b>	<b>7,368,182</b>	<b>17,366,956</b>	<b>358,433</b>	<b>15,208</b>
	2016-17	413,293	23,982	2	23,984	20,696,303	7,541,209	12,991,796	163,298	35,762
<b>Underwriting Profit</b>	<b>2017-18</b>	<b>208,797</b>	<b>55,073</b>	<b>6</b>	<b>55,079</b>	<b>(2,429,494)</b>	<b>1,729,055</b>	<b>(3,800,116)</b>	<b>(358,433)</b>	<b>29,065</b>
	2016-17	78,989	88,249	7	88,256	(2,322,608)	489,449	(2,630,017)	(182,040)	9,885
<b>Segmental Profit</b>	<b>2017-18</b>	<b>506,008</b>	<b>65,876</b>	<b>6</b>	<b>65,882</b>	<b>1,355,930</b>	<b>2,202,374</b>	<b>(488,011)</b>	<b>(358,433)</b>	<b>32,701</b>
	2016-17	273,871	96,587	7	96,594	951,062	1,082,442	50,660	(182,040)	14,681
Provision For Taxation (net of MAT Credit)	2017-18	-	-	-	-	-	-	-	-	-
	2016-17	-	-	-	-	-	-	-	-	-
Net Profit for the year	2017-18	-	-	-	-	-	-	-	-	-
	2016-17	-	-	-	-	-	-	-	-	-
Net incurred Claims / Net Earned Premium (%)	2017-18	16%	56%	0%	56%	80%	49%	98%	-	16%
	2016-17	31%	53%	0%	53%	80%	58%	95%	-	51%

Note 17

(A) Segmental reporting for the year ended March 31, 2018

Particulars	Year	Miscellaneous								Investment Income / Other Income	Total
		Public / Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Crop	Others	Total Misc		
Premium from Direct Business Written	2017-18	160,078	275,686	-	2,100,689	2,600,152	5,010,576	461,324	37,059,877	-	41,025,679
	2016-17	24,413	242,835	-	1,274,175	2,010,091	2,823,052	227,694	28,303,630	-	31,332,797
Add: Premium on Reinsurance Accepted	2017-18	10,000	16,388	-	-	-	-	-	26,388	-	103,206
	2016-17	10,000	15,430	-	-	-	-	-	6,688	-	91,823
Less: Premium on Reinsurance Ceded	2017-18	109,540	229,332	-	177,664	168,986	4,332,996	39,354	7,418,197	-	9,216,252
	2016-17	1,564	165,360	-	106,202	135,897	2,399,594	25,707	3,991,778	-	5,723,953
Adjustment for Changes in Reserve for Unexpired Risk	2017-18	6,661	924	-	655,671	306,927	(38,324)	85,472	2,400,028	-	3,674,217
	2016-17	2,018	(13,791)	-	292,265	30,360	29,917	(4,251)	2,442,350	-	3,219,955
<b>Premiums Earned (Net)</b>	<b>2017-18</b>	<b>53,877</b>	<b>61,818</b>	<b>-</b>	<b>1,267,354</b>	<b>2,124,239</b>	<b>715,904</b>	<b>336,498</b>	<b>27,268,040</b>	<b>-</b>	<b>28,238,416</b>
	2016-17	30,831	106,696	-	875,708	1,843,834	393,541	206,238	21,876,190	-	22,480,712
Profit / (Loss) on Sale / Redemption of Investments	2017-18	365	56	-	25,818	23,623	(25,091)	2,964	440,089	58,905	526,771
	2016-17	601	191	-	28,219	16,687	(16,793)	6,595	570,995	87,710	683,554
Other income	2017-18	-	-	-	-	-	-	-	-	-	-
	2016-17	-	-	-	-	-	-	-	-	-	-
Others											
Administrative Charges	2017-18	4	270	-	24	45	-	7	423	-	1,842
	2016-17	6	176	-	25	23	-	85	315	-	1,831
Investment income from pool	2017-18	505	15,166	-	-	-	-	-	15,671	-	72,111
	2016-17	-	9,560	-	-	-	-	-	9,560	-	66,103
Interest and Dividend – Gross	2017-18	2,921	451	-	206,696	189,119	(200,868)	23,733	3,598,685	471,576	4,292,639
	2016-17	2,909	924	-	136,624	80,794	(81,305)	31,930	2,914,847	424,657	3,459,816
<b>Total Segmental Revenue</b>	<b>2017-18</b>	<b>57,672</b>	<b>77,761</b>	<b>-</b>	<b>1,499,892</b>	<b>2,337,026</b>	<b>489,945</b>	<b>363,202</b>	<b>31,322,908</b>	<b>530,481</b>	<b>33,131,779</b>
	2016-17	34,347	117,547	-	1,040,576	1,941,338	295,443	244,848	25,371,906	512,367	26,692,015
Claims Incurred (Net)	2017-18	5,070	20,287	-	530,943	824,322	743,945	84,183	20,268,224	-	20,483,624
	2016-17	13,079	20,441	-	409,361	680,336	270,666	93,635	16,177,114	-	16,389,566
Direct Commission Paid	2017-18	4,371	21,184	-	62,433	244,247	5,208	18,531	1,380,692	-	1,559,362
	2016-17	7,374	18,109	-	14,189	183,046	50,964	21,912	871,366	-	1,073,381
Commission on Reinsurance Accepted	2017-18	-	164	-	-	-	-	-	164	-	1,762
	2016-17	-	219	-	-	-	-	-	219	-	1,957
Commission on Reinsurance Ceded	2017-18	2,800	31,773	-	34,538	17,733	192,379	7,712	918,985	-	1,137,834
	2016-17	19,859	28,431	-	20,500	14,446	495,803	5,076	686,436	-	922,249
Operating Expenses Related to Insurance Business	2017-18	29,706	29,037	-	142,699	721,969	299,653	182,241	8,061,942	-	8,591,623
	2016-17	7,287	29,462	-	426,203	596,503	149,503	97,742	6,875,718	-	7,132,603
Other Expenditure / (Income)	2017-18	-	-	-	-	-	-	-	-	167,087	167,087
	2016-17	-	-	-	-	-	-	-	-	49,023	49,023
Premium Deficiency	2017-18	-	-	-	-	-	-	-	-	-	-
	2016-17	-	-	-	-	-	(2,955)	-	(2,955)	-	(2,955)
<b>Total Segmental Expenses</b>	<b>2017-18</b>	<b>36,347</b>	<b>38,899</b>	<b>-</b>	<b>701,537</b>	<b>1,772,805</b>	<b>856,427</b>	<b>277,243</b>	<b>28,792,037</b>	<b>167,087</b>	<b>29,665,624</b>
	2016-17	7,881	39,800	-	829,253	1,445,439	(27,625)	208,213	23,235,025	49,023	23,721,325
<b>Underwriting Profit</b>	<b>2017-18</b>	<b>17,530</b>	<b>22,919</b>	<b>-</b>	<b>565,817</b>	<b>351,434</b>	<b>(140,523)</b>	<b>59,255</b>	<b>(1,523,997)</b>	<b>-</b>	<b>(1,260,121)</b>
	2016-17	22,950	66,896	-	46,455	398,395	421,166	(1,975)	(1,358,835)	-	(1,191,590)
<b>Segmental Profit</b>	<b>2017-18</b>	<b>21,325</b>	<b>38,862</b>	<b>-</b>	<b>798,355</b>	<b>564,221</b>	<b>(366,482)</b>	<b>85,959</b>	<b>2,530,871</b>	<b>363,394</b>	<b>3,466,155</b>
	2016-17	26,466	77,747	-	211,323	495,899	323,068	36,635	2,136,881	463,344	2,970,690
Provision For Taxation (net of MAT Credit)	2017-18	-	-	-	-	-	-	-	-	-	1,040,098
	2016-17	-	-	-	-	-	-	-	-	-	889,233
<b>Net Profit for the year</b>	<b>2017-18</b>										<b>2,426,057</b>
	2016-17										<b>2,081,457</b>
Net incurred Claims / Net Earned Premium (%)	2017-18	9%	33%	-	42%	39%	104%	25%	74%	-	73%
	2016-17	42%	19%	-	47%	37%	69%	45%	74%	-	73%

# Summary of Financial Statements

Registration No.123

Date of Registration with the IRDA July 15, 2002

(₹ '000)

Sr. No.	Paticulars	2017-18	2016-17	2015-16	2014-15	2013-14
<b>OPERATING RESULTS</b>						
1.	Gross Premium Written (Note 1)	41,025,679	31,332,797	24,520,034	18,904,309	18,551,145
2.	Net Premium Income (Note 2)	31,912,633	25,700,667	20,575,012	15,709,490	15,519,967
3.	Income from Investments (Net)	4,361,043	3,697,105	2,842,842	2,670,071	1,741,546
4.	Others	1,842	1,831	1,351	1,147	1,711
<b>5.</b>	<b>Total Income</b>	<b>36,275,518</b>	<b>29,399,603</b>	<b>23,419,205</b>	<b>18,380,708</b>	<b>17,263,224</b>
6.	Commissions (Note 3)	423,291	153,090	339,561	332,327	218,647
7.	Operating Expenses ( Note 4)	8,591,622	7,132,603	5,420,407	4,258,322	3,903,430
8.	a) Claims	20,483,627	16,389,566	12,237,676	11,061,219	11,374,011
	b) Increase in Unexpired Risk Reserve and Other Outgoes	3,674,217	3,219,955	3,667,025	888,459	1,206,330
	c) Premium Deficiency	-	(2,955)	2,955	-	-
9.	Operating Profit / (Loss)	<b>3,102,761</b>	<b>2,507,344</b>	<b>1,751,581</b>	<b>1,840,381</b>	<b>560,806</b>
<b>NON-OPERATING RESULT</b>						
10.	Total Income under Shareholders' Account	363,394	463,344	379,386	166,425	454,969
11.	Profit / (Loss) before tax	<b>3,466,155</b>	<b>2,970,688</b>	<b>2,130,967</b>	<b>2,006,806</b>	<b>1,015,775</b>
12.	Provision for Tax	1,040,098	889,233	651,498	635,836	314,802
13.	Profit after Tax	2,426,057	2,051,455	1,479,464	1,370,970	700,973
<b>MISCELLANEOUS</b>						
14.	Policyholders' Account (Note 5)					
	Total Funds	-	-	-	-	-
	Total Investments	-	-	-	-	-
	Yield on Investments	-	-	-	-	-
15.	Shareholders' Account					
	Total Funds	-	-	-	-	-
	Total Investments	-	-	-	-	-
	Yield on Investments	-	-	-	-	-
16.	Paid up Equity Capital	2,988,057	2,988,057	2,988,057	2,988,057	2,988,057
17.	Net Worth	12,961,299	10,751,023	8,528,552	7,190,099	5,824,426
18.	Total Assets (Note 6)	77,714,976	58,054,661	44,258,493	36,088,781	31,263,010
19.	Yield on Total Investments	8.90%	10.03%	9.58%	10.06%	9.30%
20.	Incurred claims ratio (NIC/ NEP)	72.54%	72.91%	72.38%	74.63%	79.46%
21.	Commission ratio (Net Commission / Net written premium)	1.33%	0.60%	1.65%	2.12%	1.41%
22.	Expenses ratio ( Expenses / Gross direct premium)	20.94%	22.76%	22.11%	22.53%	21.04%
23.	Earnings per Share (₹)	8.12	6.97	4.95	4.59	2.37

Sr. No.	Particular	2017-18	2016-17	2015-16	2014-15	2013-14
24.	Book Value per Share (₹)	43.38	35.98	28.54	24.06	19.49
25.	Total Dividend	179,283	-	-	-	-
26.	Dividend per Share (₹)	0.60	-	-	-	-
27.	Solvency Margin (times)	1.61	1.64	1.61	1.59	1.61
28.	Solvency Margin (times) (Regulatory Requirement)	1.50	1.50	1.50	1.50	1.50

**Notes:**

- 1) Gross Premium Written represents Premium on Direct Business Written.
- 2) Net Premium Income represents Gross Written Premium Net of Reinsurance Accepted & Ceded.
- 3) Commission is net of Commission earned on Reinsurance Ceded.
- 4) Operating expenses are taken net of gains from the sale of fixed assets, if any and excludes exceptional expenditure.
- 5) Pursuant to IRDAI Regulations, ₹ 56,511,892 thousand of the investments representing the Technical Reserves as at March 31, 2018 has been notionally allocated as Policyholders' Funds.
- 6) Total Assets is defined as Net Fixed Assets + Investments + Current Assets+Deferred Tax assets.

# Performance Ratios

Registration No.123

Date of Registration with the IRDA July 15, 2002

Sr. No.	Type of Ratio	Method of Computing	2017-18	2016-17
1.	Gross Direct Premium Growth Rate (Segment Wise)	Gross Premium for the Current Year / Gross Premium for the previous year	Schedule 1	Schedule 1
2.	Gross Direct Premium to Net Worth Ratio	Gross Premium for the Current Year / (Paid up capital plus Free Reserves)	3.17	2.91
3.	Growth Rate of Net Worth	Net Worth as at the current balance sheet date / Net Worth as at the previous balance sheet date	20.56%	26.06%
4.	Net Retention Ratio (Segment wise)	Net Premium / Gross Premium	Schedule 2	Schedule 2
5.	Net Commission Ratio (Segment wise)	Commission net of Reinsurance / net written premium	Schedule 3	Schedule 3
6.	Expenses of Management to Gross Direct Premium Ratio (Note 1)	Expenses of management (operating expenses plus direct commission) / gross direct premium	24.74%	26.19%
7.	Expenses of Management to Net Written Premium Ratio (Note 1)	Expenses of management (operating expenses plus direct commission) / Net Written Premium	31.81%	31.93%
8.	Net Incurred Claims to Net Earned Premium	Net Incurred Claims / Net Earned Premium	72.54%	72.91%
9.	Combined Ratio	(Net claims incurred / Net earned premium) plus (Operating expenses plus Net commission / Net written premium)	100.79%	101.25%
10.	Technical Reserves to Net Premium Ratio	Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims / Net premium	1.64	1.60
11.	Underwriting Balance Ratio (Segment wise) (Note 2)	Underwriting profit / Net premium	Schedule 4	Schedule 4
12.	Operating Profit Ratio	Underwriting profit (loss) plus investment income / Net premium	10.99%	10.53%
13.	Liquid Assets to Liabilities Ratio (Note 3)	Liquid assets of the insurer / policyholders' liabilities	0.17	0.19
14.	Net Earning Ratio	Profit after tax / Net premium	7.60%	8.10%
15.	Return on Net Worth	Profit after tax / Net worth	18.72%	19.36%
16.	Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ratio	Available Solvency Margin at the end of the Year to the Required Solvency Margin required to be maintained as per Regulations	1.61	1.64
17.	NPA Ratio		NIL	NIL

## Notes:

- 1) Expenses of Management represent Operating expenses related to Insurance Business and Commission paid to Agents and Brokers.
- 2) Underwriting Profit represents Segmental Profit / ( Loss) excluding Investment Income and other income.
- 3) Liquid Assets represent Cash and Cash Equivalents and Short Term Investments.

# Segmental Ratios

Registration No: 123

Date of Registration with the IRDA July 15, 2002

Schedule	Particulars	Year	Marine					Miscellaneous							Total		
			Fire	Cargo	Other than Cargo	Total	Motor	Workmen's Compensation	Public / Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Crop		Others	Total Misc
Schedule 1	Gross Premium for the Current Year / Gross Premium for the previous year	2017-18	38.74%	4.10%	(0.11)	4.10%	21.95%	(5.45%)	555.71%	13.53%	-	64.87%	29.35%	77.49%	102.61%	30.94%	30.94%
		2016-17	14.59%	(9.70%)	(18.18%)	(9.70%)	29.86%	(9.36%)	(77.20%)	19.72%	-	16.90%	(0.67%)	103.06%	30.25%	30.33%	27.78%
Schedule 2	Net Retention Ratio (Net Written Premium / (Gross Premium + RI Acceptance))	2017-18	62.43%	23.19%	87.50%	23.19%	91.07%	94.80%	35.59%	21.48%	-	91.54%	93.50%	13.52%	91.47%	80.00%	77.59%
		2016-17	52.07%	17.03%	100.00%	17.03%	94.66%	95.00%	95.46%	35.97%	-	91.67%	93.24%	15.00%	88.71%	85.90%	81.79%
Schedule 3	Net Commission Ratio (Commission Paid Net of Reinsurance / Net Written Premium)	2017-18	0.37%	(27.99%)	-	(27.99%)	1.62%	7.02%	2.60%	(16.61%)	-	1.45%	9.32%	(27.62%)	2.56%	1.56%	1.33%
		2016-17	2.42%	(53.82%)	-	(53.82%)	2.30%	6.56%	(38.01%)	(10.87%)	-	(0.54%)	9.00%	(105.05%)	8.33%	0.76%	0.60%
Schedule 4	Underwriting Balance Ratio (Underwriting Profit / Net Earned Premium)	2017-18	0.26	0.35	0.86	0.35	(0.11)	0.66	0.33	0.37	-	0.45	0.17	(0.20)	0.18	(0.06)	(0.04)
		2016-17	0.16	0.79	0.78	0.79	(0.13)	0.22	0.74	0.63	-	0.05	0.22	1.07	(0.01)	(0.06)	(0.05)

**Note:** Ratios in brackets indicate instances where commission earned on insurance ceded exceeded commission paid on gross written premium.







## The five lights

The light of

**INTEGRITY**

that gives us the courage to  
always do the right thing

The light of

**RESPONSIBILITY**

that gives us the humility to  
think about the world around us

The light of

**PASION**

that provides us with  
the desire to win

The light of

**RESPECT**

that inspires people  
around us to perform

The light of

**QUALITY**

which makes us  
dream of excellence

# The Spirit of the Murugappa Group

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



murugappa



**Cholamandalam MS General Insurance Company Limited**  
(A Joint Venture between Murugappa Group & Mitsui Sumitomo Insurance Company Ltd., Japan)

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