

**CHOLAMANDALAM MS RISK
SERVICES LIMITED**

**ANNUAL REPORT
Financial Year 2017-18**

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twenty Third Annual General Meeting (AGM) of shareholders of Cholamandalam MS Risk Services Limited will be held on Tuesday, the 24th day of July 2018, at 5.45 PM, at the Registered Office of the Company - "Dare House" No.2, N.S.C Bose Road, Chennai - 600 001 to transact the following business:

ORDINARY BUSINESS:

1. Adoption of financial statements;

To consider and if deemed fit, to pass with or without modification(s) the following as an **Ordinary Resolution:**

RESOLVED THAT the Report of Directors, the Report of Auditors and the Audited Statement of Profit and Loss for the year ended March 31, 2018, and the Balance Sheet as at that date, as circulated to the members, be and are hereby considered, approved and adopted.

2. Declaration of dividend:

To consider and if deemed fit, to pass with or without modification(s) the following as an **Ordinary Resolution:**

RESOLVED THAT a dividend of Rs. 2.50/- per equity share of Rs.10/- each (25%) as recommended by the board of directors be and is hereby declared for the year ended March 31, 2018 and be paid to those members whose names appear in the register of members as on 24 July, 2018.

3. Appointment of directors:

(i) To consider and if deemed fit, to pass with or without modification(s) the following as an **Ordinary Resolution:**

RESOLVED THAT Mr. L Ramkumar (DIN: 00090089), who retires by rotation, be and is hereby re-appointed as a Director of the Company.

(ii) To consider and if deemed fit, to pass with or without modification(s) the following as an **Ordinary Resolution:**

RESOLVED THAT Mr. Tamaki Kawate (DIN: 07496365), who retires by rotation, be and is hereby re-appointed as a Director of the Company.

4. Appointment of auditors:

To ratify the appointment of statutory auditors and fix their remuneration and in this regard, to consider and if deemed fit, to pass with or without modification(s), the following as an **Ordinary Resolution:**



Cholamandalam MS Risk Services Limited

(An ISO 9001 : 2008 Certified Company)

"Dare House" No.2, NSC Bose Road, Chennai - 600 001, India

Offices : Mumbai, Delhi, Gurgaon, Bangalore, Vadodara,
Ahmedabad & Kuwait

PAN No. AABCC6610Q

T +91 (0)44 3044 5620 - 30

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www.cholarisk.com

CIN: U74140TN1994PLC029257

GSTIN: 33AABCC6610Q1ZL

RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of M/s Brahmayya & Co., Chartered Accountants, bearing Registration No. 000511S, as statutory auditors of the Company from the conclusion of this meeting till the conclusion of twenty fourth annual general meeting of the Company be and is hereby ratified at a remuneration of Rs 3,15,000/- per annum (statutory audit fees: Rs 3,00,000/- & out of pocket expenses (incurred by them in connection with the aforesaid audit) : Rs 15,000/-) plus applicable taxes, as recommended by the Board of Directors of the Company.

By Order of the Board



M.Sundar

Company Secretary

Date: April 26, 2018

Place: Chennai

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED IN THE FORMAT SENT HERewith, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Members are requested to intimate immediately any change in their address, if any, to the Registered Office of the Company.
4. Relevant documents referred to in the notice are available for inspection at the registered office of the Company during normal business hours on working days up to the date of the annual general meeting.

By Order of the Board



M.Sundar

Company Secretary

Date: April 26, 2018

Place: Chennai



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ATTENDANCE SLIP

Name & Address of the Shareholder:

I/ We hereby certify that I /We am / are registered Member / Proxy for the registered Member of the Company and hereby record my / our presence at the 23rd Annual General Meeting of the Company being held on Tuesday, July 24, 2018 at 5.45 PM at the registered office of the Company or at any adjournment thereof I respect of such resolutions as mentioned in the notice.

_____	_____	_____
Member folio / Client ID No.*	Member's / Proxy's name Block letters	Signature of Member / in Proxy

*Applicable for members holding shares in electronic form

NOTE: Members / Proxies to Members are requested to sign and handover this slip at the entrance of the venue of the meeting.



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FORM NO. MGT - 11

PROXY FORM

[Pursuant to the provisions of Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):

Registered Address :

E-mail ID

Folio No./ Client ID:

DP ID:

I/We being the Member(s) of _____ equity shares of Rs. 10 each of the above Company, hereby appoint:

1. _____ of _____ having e-mail id _____ or failing him / her
2. _____ of _____ having e-mail id _____ or failing him / her
3. _____ of _____ having e-mail id _____ or failing him / her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company, to be held on Tuesday, July 24, 2018 at 5.45 PM at 'the registered office of the Company and at any adjournment(s) thereof, in respect of the resolutions, as indicated below:

1. Adoption of the audited Balance Sheet as at March 31, 2018, the Statement of Profit and Loss for the financial year ended on that date and the reports of the Board of Directors and auditors thereon.
2. To declare a dividend of Rs 2.50/- per share at the rate of 25% on the equity share capital of the Company for the year ended March 31, 2018.
3. (i) To appoint a Director in the place of Mr. L Ramkumar (DIN: 00090089), who retires by rotation and being eligible, offers himself for re-appointment.
(ii) To appoint a Director in the place of Mr. Tamaki Kawate (DIN: 07496365), who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify appointment of M/s. Brahmayya & Co., Chartered Accountants, bearing Registration No. 000511S as statutory auditors of the Company from the conclusion of this annual general meeting till the conclusion of the next annual general meeting.

Signed: this _____ day of _____ 2018

Signature of Member(s): _____

Signature of the Proxy holder(s): _____

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



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CHOLAMANDALAM MS RISK SERVICES LIMITED

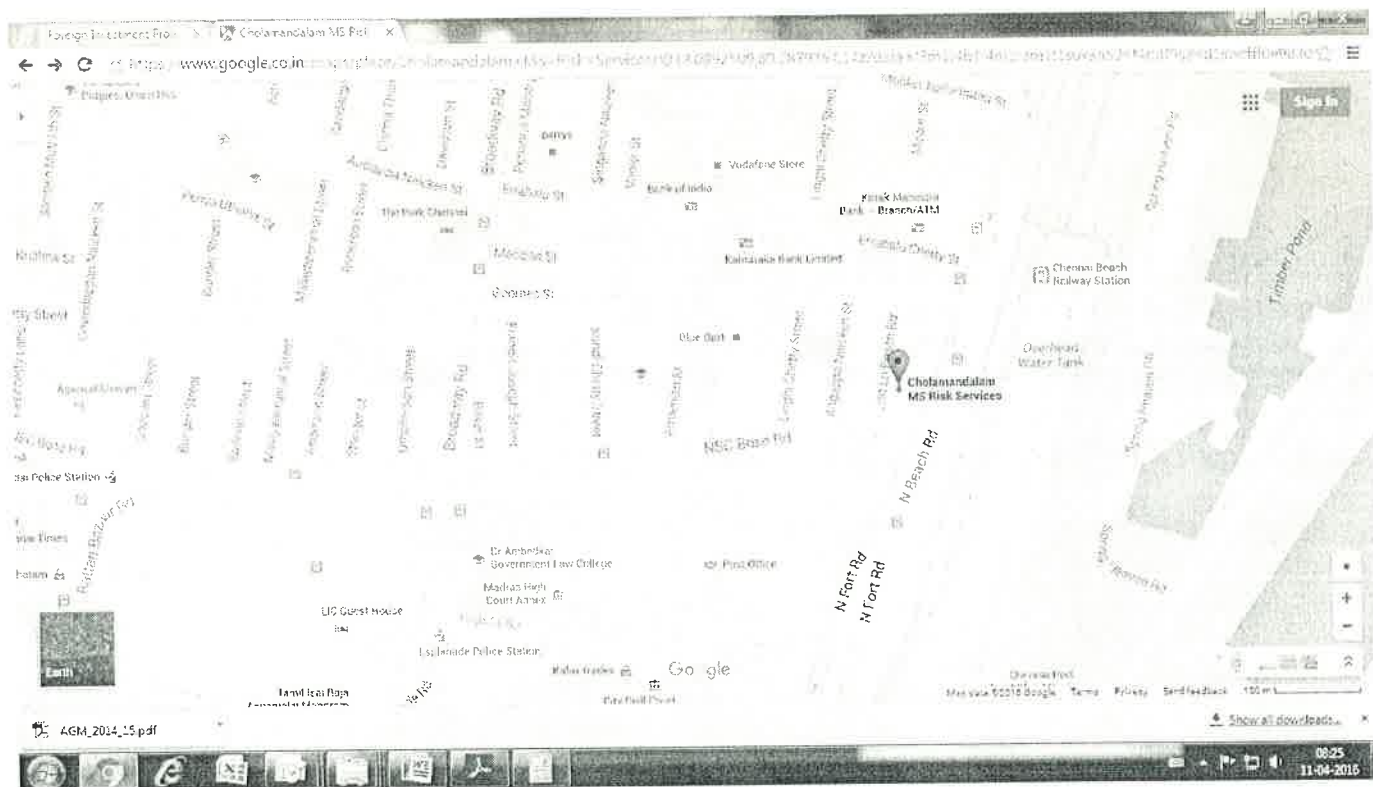
ROUTE MAP ALONGWITH PROMINENT LANDMARK

Day: Tuesday

Date: 24.07.2018

Time: 5.45 PM

Venue: "Dare House" No.2, N.S.C Bose Road, Chennai – 600001.



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DIRECTORS' REPORT TO MEMBERS

Your Directors have pleasure in presenting the Twenty Third Annual Report together with the audited financial statements of the Company for the year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

Particulars	(Rs.in million)	
	Year ended March 31, 2018	Year ended March 31, 2017
Income	584.17	391.85
Expenses	545.92	365.77
Profit Before Tax	38.25	26.08
Profit After Tax	26.47	16.00
Add: Balance b/f from Previous Year	35.61	19.61
Total	62.08	35.61
Dividend-Equity	4.00	-
Tax on Dividend	0.81	-
Profit carried to Balance Sheet	57.27	30.8

OPERATIONS

During the year, the Company registered revenues of Rs. 584.17 million and profit before tax at Rs.38.25 million (Rs. 26.08 million in the previous year).

The Company has strengthened its consultancy portfolio with the launch of new services viz., Pressure Relief Valve Adequacy Verification, Explosion Vent Adequacy Verification & Marine Monitoring Services (MMS) and brought in innovation in learning through mobile based apps and virtual reality-based training modules. The Company has also partnered with organizations on their CSR initiatives as an implementation partner in the areas of Health, Safety & Environment (HSE) programs and Road Safety programs. During the year under review, the Company further consolidated its clientele with 101 new clients from across the country and overseas.

The Company continues to support Cholamandalam MS General Insurance Company Limited and its clients through value added services like Thermography, Safety Audits, and Cargo Loss Minimizations Studies. During the year, the projects bagged by the Company crossed 454 numbers and serviced clients from both India & the Middle East.

The Company is backed by a strong technical team of multidisciplinary & certified professionals having exposure to domestic and international markets. The Company increased its employee strength to 196 as on March 31, 2018 comprising 182 engineers and 14 contract employees.



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The Strategic Alliance Partnerships with Inogen was further strengthened during the year by acquiring shares of Inogen Global Alliance, resulting also in Cholamandalam MS Risk Services Limited (CMSRS) representation in the Inogen Board from the next financial year. The Company continued the engagement with BP Consultancy Co. WLL as our local agent in Kuwait to support the Kuwait operations. The Joint venture Partner, Mitsui Sumitomo Insurance Company Limited, Japan, continues to support the Company by introducing Japanese companies entering into Indian market for risk management services.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 2.50/- per equity share of Rs.10/- each (previous year – Rs.2/-).

OUTLOOK 2018-19

The Company has recorded an Order book of Rs. 287 million during the year and carry forward of Rs. 318 million for FY'18-19. Orders from Domestic market increased by 32% compared to last financial year. In view of this Order book, and long term contracts, and technical association with two global players along with planned expansion in Saudi Arabia and in Kuwait, the Company is looking for further growth opportunities in terms of income and profitability along with increasing the customer base in other parts of Globe and India.

DIRECTORS

Mr. L Ramkumar and Mr. Tamaki Kawate retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

KEY MANAGERIAL PERSONNEL

Following are 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:

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

BOARD MEETINGS

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

During the year, Board meetings were convened and held on the following dates, April 27, 2017, July 25, 2017, October 28, 2017, January 31, 2018 and March 21, 2018. The intervening gap between meetings did not exceed 120 days.



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STATUTORY AUDITORS

The shareholders at the 21st Annual General Meeting held on July 26, 2016, had appointed M/s Brahmayya & Co., Chartered Accountants, (Regn No. 000511S) as the statutory auditors of the Company to hold office for a period of five years commencing from the conclusion of the twenty first annual general meeting till the conclusion of twenty sixth annual general meeting subject to ratification of the appointment by members every year. M/s Brahmayya & Co. have confirmed on satisfaction of the eligibility criteria prescribed under the Companies Act, 2013.

Your directors recommend the ratification of appointment of M/s Brahmayya & Co., Chartered Accountants, as statutory auditors to the shareholders.

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. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Details of related party transactions are dealt with in note 25 in notes to accounts.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

LOANS, GUARANTEES AND INVESTMENTS

The Company has not extended any loans, guarantees nor made investments covered under the provisions of section 186 of the Companies Act, 2013.

RISK MANAGEMENT AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

POLICY ON PREVENTION OF SEXUAL HARRASSEMENT AT WORK PLACE:

The Company has put in place a policy on prevention of sexual harassment in line with the requirements of The Sexual Harrassment 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.



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During the calendar year ended December 31, 2017, the Company has not received any complaints under the policy.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

EXTRACT OF ANNUAL RETURN

An extract of Annual Return in Form MGT 9 as on March 31, 2018 is attached to this report.

PARTICULARS OF EMPLOYEES

Particulars in terms of the provisions of Rules 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are appended herewith.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors accept the responsibility for the integrity and objectivity of the Statement of Profit & Loss for the year ended March 31, 2018 and the Balance Sheet as at that date ("financial statements") and confirm that:

- in the preparation of the Statement of Profit & Loss and the cash flow statement for the financial year ended March 31, 2018 and the Balance Sheet as at that date ("financial statements") applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with the size and nature of operations, subject to the inherent limitations that should be recognized in weighing the assurance provided by any such system of internal controls.
- the financial statements have been prepared on a going concern basis.
- proper systems are in place to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.



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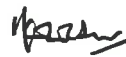
Conservation of Energy and Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars required to be furnished in this report under Section 134(3) of the Companies Act, 2013 and the rules made thereunder, relating to conservation of energy and technology absorption are not applicable for the year under review, and hence not furnished. The foreign exchange earnings and outgo during the year was at Rs. 107.85 million and Rs. 86.39 million respectively.

Acknowledgments

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

On behalf of the Board



N Srinivasan
Director



S S Gopalarathnam
Director

Date: April 26, 2018
Place: Chennai



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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:

1	CIN	U74140TN1994PLC029257
2	Registration Date	November 17, 1994
3	Name of the Company	CHOLAMANDALAM MS RISK SERVICES LIMITED
4	Address of the Registered office and contact details	Dare House, No.2, NSC Bose Road, Chennai - 600 001
5	Category / Sub-Category of the Company	Company having share capital
6	Whether listed company	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Risk Management / Management Consultancy.	7020	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
NIL					

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

i) Category-wise Share Holding

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	
Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corporate	-	1000000	1000000	50	-	1000000	1000000	50	-
e) Banks / FI									
f) Any Other....									
Sub-total (A) (1):-	-	1000000	1000000	50	-	1000000	1000000	50	-
(2) Foreign									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corporate	-	1000000	1000000	50	-	1000000	1000000	50	-
d) Banks / FI									
e) Any Other....									
Sub-total (A) (2):-	-	1000000	1000000	50	-	1000000	1000000	50	-
Total shareholding of Promoter	-	2000000	2000000	100	-	2000000	2000000	100	-

B. Public Shareholding	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B) = (B) (1) + (B) (2)									
C. Shares held by Custodian for GDRs ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	-	2000000	2000000	100		2000000	2000000	100	-

(ii) Shareholding of Promoters

SI N o.	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 compan y	% of Shares Pledged / encumbe red to total shares	No. of Shares	% of total Shares of the compan y	% of Shares Pledged / encumbe red to total shares	
1	TI Financial Holdings Ltd (formerly Tube Investments of India Limited)	989979	49.49	-	989979	49.49	-	-
2	Chola Insurance Distribution Services Pvt Limited	2	-	-	2	-	-	-
3	Ambadi Investment Limited	2	-	-	2	-	-	-
4	Ambadi Enterprises Limited	1	-	-	1	-	-	-
5	Kartik Investments Trust Limited	10015	0.50	-	10015	0.50	-	-
6	Chola Business services Limited	1	-	-	1	-	-	-
7	Mitsui Sumitomo Insurance Co. Ltd.	1000000	50.00	-	1000000	50.00	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

	Shareholding at the beginning of the		Cumulative Shareholding	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	No Change during the year			
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change during the year			
At the End of the year	No Change during the year			

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

Sl. No.	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 other shareholders other than Promoters of the Company					

(v) Shareholding of Directors and Key Managerial Personnel:

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

	Rs. in lakhs			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

(Rs. in lakhs)

S. No	Particulars of Remuneration	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites under section 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL
2.	Stock Option	NIL
3.	Sweat Equity	NIL
4.	Commission - as % of profit - Others, specify...	NIL
5.	Others, please specify (retiral benefits)	NIL
	Total (A)	NIL
	Ceiling as per the Act	Not Applicable

B. Remuneration to other directors:

1. Other Non-Executive Directors

(Rs. in lakhs)

S. no.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. N Srinivasan	Mr. S S Gopalarathnam	Mr. Tamaki Kawate	Mr. Junichi Nakamura	Mr. L Ramkumar	Mr. Takahiko Shibakawa	
1	Sitting Fees paid for attending Board meetings	0.75	-	0.75	0.75	-	0.75	3.00
Total								3.00

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

(Rs. in lakhs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Subba Rao (Chief Executive)	Mr. M. Sundar (Company Secretary)	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	105.26	-	105.26
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961	0.21	-	0.21
	(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, please specify (retiral benefits)	12.91	-	12.91
	Total	118.39	-	118.39

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHOLAMANDALAM MS RISK SERVICES LIMITED**

1. Report on the Financial Statements

We have audited the accompanying financial statements of Cholamandalam MS Risk Services Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

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 cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

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 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 judgment, 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.

4. **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements 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, of the state of affairs of the Company as at 31st March, 2018, and its profit and its cash flows for the year ended on that date.

5. **Report on Other Legal and Regulatory Requirements**

- (i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraph 3 and 4 of the Order.
- (ii) As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the Operating Effectiveness of such controls, refer to our separate report in "Annexure B"
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. the Company has disclosed the effect of the pending legal proceedings against it in its financial statements as mentioned in Note : 26 to the Accounts ;
- ii. the Company did not have any material foreseeable losses on long term contracts and the company did not have any derivative contracts;
- iii. there was no amount to be transferred to the Investor Education and Protection Fund by the Company;

Place: Chennai

Date: 26-04-2018

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



P. Babu
Partner

Membership No. 203358

CHOLAMANDALAM MS RISK SERVICES LIMITED
“ANNEXURE A” TO THE AUDITORS’ REPORT REFERRED TO IN PARAGRAPH 5
OF OUR REPORT OF EVEN DATE

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
b) Fixed assets have been physically verified by the Management during the year, in accordance with an annual plan of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
c) The Company does not own any immovable property.
2. In our opinion and according to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms, Limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, clauses (iii)(a), (b) and (c) of paragraph 3 of the Order are not applicable to the Company for the year.
3. In our opinion and according to the information and explanations given to us, the Company has not granted any loan to its Director(s) and has not made any investment, provided any guarantee or security as envisaged in Section 185 and Section 186 of the Companies Act, 2013, respectively
4. The Company has not accepted any deposits from the public.
5. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
6. i) In our opinion and according to the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Service tax, Goods and Service Tax, Cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March 2018 for a period of more than six months from the date they became payable.
ii) In our opinion and according to the information and explanations given to us, there are no dues of Income tax, Service tax and Goods and Service Tax which have not been deposited on account of any dispute.
7. The Company has not defaulted in the repayment of dues to banks. The Company does not have any borrowings from financial institutions, Government or by issue of debentures.

8. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purposes for which the loans were obtained.
9. To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company and no fraud on the Company by its officers or employees were noticed or reported during the year.
10. The provisions Section 197 read with Schedule V to the Companies Act, 2013 is not applicable to the company for the financial year ended 31st March 2018.
11. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards
12. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
13. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.
14. In our opinion and according to the information and explanations given to us, the nature of the Company's business/ activities during the year has been such that clause (ii), clause (xii) and clause (xvi) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company for the year.

Place: Chennai

Date: 26-04-2018

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



P. Babu
Partner
Membership No. 203358

CHOLAMANDALAM MS RISK SERVICES LIMITED
“ANNEXURE B” TO THE AUDITORS’ REPORT REFERRED TO IN PARAGRAPH 5
OF OUR REPORT OF EVEN DATE

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

We have audited the internal financial controls over financial reporting of Cholamandalam MS Risk Services Limited (“the Company”) as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Chennai

Date: 26-04-2018

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



P. Babu
Partner

Membership No. 203358

Cholamandalam MS Risk Services Limited
Balance Sheet as at March 31, 2018

	Particulars	Note No.	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
I.	EQUITY AND LIABILITIES			
	Shareholders' funds			
	Share capital	1	20,000,000	20,000,000
	Reserves and surplus	2	157,272,619	135,613,375
			177,272,619	155,613,375
	Non-current liabilities			
	Long-term provisions	3	7,665,996	5,893,540
			7,665,996	5,893,540
	Current liabilities			
	Trade payables			
	(A) Total outstanding dues of Micro enterprises and small enterprises		-	-
	(B) Total dues of Creditors other than Micro enterprises and small enterprises	4	99,040,128	58,745,357
	Other current liabilities	5	28,933,279	11,527,666
	Short-term provisions	6	30,347,591	17,634,739
			158,320,998	87,907,762
	TOTAL		343,259,613	249,414,677
II.	ASSETS			
	Non-current assets			
	Fixed assets			
	Tangible assets	7	6,270,031	4,672,078
	Intangible assets	7	2,401,285	3,446,033
	Deferred tax assets (net)	8	9,147,000	7,574,000
	Long-term loans and advances	9	10,731,455	4,360,046
	Other non-current assets	10	21,306,995	10,400,000
			49,856,766	30,452,157
	Current assets			
	Trade receivables	11	169,380,683	139,419,660
	Cash and Bank Balances	12	29,712,431	19,238,796
	Short-term loans and advances	13	94,309,733	60,304,064
			293,402,847	218,962,520
	TOTAL		343,259,613	249,414,677
	Summary of Significant accounting Policies	29		

The notes referred to above form an integral part of the Financial statements
This is the Balance Sheet referred to in our report of even date

For Brahmayya & Co.
Chartered Accountants
Firm Registration No.0005115

P. Babu
Partner
Membership No.203358



(Signature)
N. Srinivasan
Director

(Signature)
S S Gopalarathnam
Director

(Signature)
M. Sundar
Company Secretary

(Signature)
Takahiko Shibakawa
Director

Place: Chennai
Date: April 26, 2018

(Handwritten mark)

Cholamandalam MS Risk Services Limited
Statement of Profit and loss for the year ended March 31, 2018

	Particulars	Note No.	For the Year Ended March 31, 2018 Rs.	For the Year Ended March 31, 2017 Rs.
I.	Revenue from operations	14	561,573,729	365,261,098
II.	Other income	15	22,598,336	26,590,529
III.	Total Revenue (I + II)		584,172,065	391,851,627
IV.	Expenses:			
	Employee benefits expense	16	166,107,530	118,715,880
	Finance costs	17	-	2,513,304
	Depreciation and amortization expense	7	4,666,386	4,899,644
	Other expenses	18	375,141,850	239,639,648
	Total expenses		545,915,766	365,768,476
V.	Profit before exceptional and extraordinary items and tax (III-IV)		38,256,299	26,083,151
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		38,256,299	26,083,151
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII- VIII)		38,256,299	26,083,151
X	Tax expense:			
	(1) Current tax		10,700,000	5,300,000
	(2) Income tax Provision relating to earlier years		2,655,749	-
	(3) Deferred tax (Net)	8	(1,573,000)	4,779,409
XI	Profit for the Year from continuing operations (IX-X)		26,473,550	16,003,742
XII	Profit from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	Profit from Discontinuing operations (after tax) (XII-XIII)		-	-
XV	Profit for the Year (XI + XIV)		26,473,550	16,003,742
XVI	Earnings per equity share: (in Rs.)			
	(1) Basic & Diluted	19	13.24	8.00

Summary of Significant accounting Policies

29

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

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


P. Babu
Partner
Membership No.203358




N. Srinivasan
Director


S S Gopalarathnam
Director


M. Sundar
Company Secretary


Takahiko Shibakawa
Director

Place: Chennai
Date: April 26, 2018

Cholamandalam MS Risk Services Limited
Statement of Cash Flow for the year ended March 31, 2018

Particulars	For the Year Ended	For the Year Ended
	March 31, 2018	March 31, 2017
	Rs.	Rs.
A. Cash Flow from Operating Activities		
Profit before Taxation	38,256,299	26,083,150
Non- cash adjustments and Non-Operating Items :		
Income reversal	-	14,857,704
Provision for Bad & Doubtful debts	13,219,235	10,764,728
Depreciation and Amortisation	4,666,386	4,899,644
Provision no longer required written back	(18,652,876)	(23,702,004)
Income from Investments	(2,080,510)	(2,742,298)
Profit on Sale of Investment	-	(144,898)
Miscellaneous Income	(1,664,951)	(1,329)
(Profit)/Loss on Sale of Fixed Asset	(199,999)	-
Finance Cost - Interest Paid	-	2,513,304
Operating Profit before working capital changes	33,543,584	32,528,001
Changes in Working Capital :		
Increase/(Decrease) in Long term Provisions	1,772,456	259,338
Increase/(Decrease) in Short term Provisions	(642,897)	(12,046,810)
Increase/(Decrease) in Trade Payables	40,294,772	19,009,360
Increase/(Decrease) in Other Current Liabilities	17,405,612	(2,740,131)
((Increase)/Decrease) in Trade Receivables	(22,862,431)	(25,406,536)
((Increase)/Decrease) in Short term Loans & Advances	(34,005,669)	36,841,594
((Increase)/Decrease) in Long term Loans & Advances	(6,371,409)	(3,299,156)
Total Changes in Working Capital	(4,409,567)	13,083,658
Cash Generated from Operations	29,134,017	45,611,659
Less : Taxes Paid	-	-
Net cash generated from operating activities	29,134,017	45,611,659
B. Cash flow from Investing Activities		
Proceeds from sale of Fixed Assets	200,000	-
Purchase of Fixed Assets	(5,219,591)	(2,954,825)
Purchase of Current Investment	-	(9,000,000)
Proceeds from sale of Current Investment	-	9,144,898
Fixed Deposit		
Placed	(300,000)	(300,000)
Maturity	(10,606,995)	11,329,729
Income from Interest on Fixed Deposits	2,080,510	2,742,298
Net Cash flow from Investing Activities	(13,846,076)	10,962,100
C. Cash flow from Financing Activities		
Dividends Paid	(4,000,000)	(4,000,000)
Dividend Distribution Tax	(814,306)	(814,306)
Repayment of Short term borrowings	-	(50,000,000)
Finance Cost - Interest paid during the year	-	(2,513,304)
Net Cash flow (used)/ from Financing Activities	(4,814,306)	(57,327,610)
Net Increase/Decrease in Cash and Cash equivalents	10,473,635	(753,851)
Cash and Cash equivalents at the beginning of the year	19,238,796	19,992,647
Cash and Cash equivalents at the end of the year	29,712,431	19,238,796
Components of Cash & Cash equivalents		
Cash on hand	24,498	-
with bank - On Current account	16,736,527	1,438,067
- On Deposits account	12,951,406	17,800,729
Total Cash & Cash equivalents	29,712,431	19,238,796

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

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

Babu
Partner
Membership No.203358




N. Srinivasan
Director


M. Sundar
Company Secretary


S S Gopalarathnam
Director


Takahiko Shibakawa
Director

Place : Chennai
Date : April 26, 2018

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2018

	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
Note 1		
Share capital		
Authorised share capital		
2,000,000 equity shares of Rs.10 each (Previous year 2,000,000 Equity shares of Rs.10 each)	20,000,000	20,000,000
Issued, subscribed and paid-up		
2,000,000 equity shares of Rs.10 each (Previous year 2,000,000 equity shares of Rs.10 each)	20,000,000	20,000,000
	No of Shares	
Reconciliation of number of shares outstanding		
Equity shares		
No of shares outstanding at the beginning of the year	2,000,000	2,000,000
Less : Shares bought back during the year	-	-
No of shares outstanding at the end of the year	2,000,000	2,000,000

Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2018, the dividend per share recognised as distributions to equity shareholders is Rs.2/- per equity share (Previous year : Rs.Nil per equity share)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after discharging all liabilities. The distribution of net surplus available, if any, will be in proportion to the number of equity shares held by the shareholders.

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

	As at March 31, 2018		As at March 31, 2017	
	No of shares	% of holding	No of shares	% of holding
TI Financial Holdings Limited (Formerly Tube Investments of India Limited)	989,979	49.5%	989,979	49.5%
Mitsui Sumitomo Insurance Company Limited	1,000,000	50.0%	1,000,000	50.0%

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares as at respective years.



	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
Note 2		
Reserves and surplus		
General Reserve (A)	100,000,000	100,000,000
Surplus in the Statement of Profit and Loss Account		
Balance as per last financial statements	35,613,375	19,609,634
Add: Profit for the year	26,473,550	16,003,741
Less : Dividend @Rs.2 per share (Previous year @ Rs.Nil per share) (incl. dividend distribution tax)	4,814,306	-
Net Surplus in the Statement of Profit and Loss (B)	57,272,619	35,613,375
Total Reserves and surplus (A) + (B)	157,272,619	135,613,375



	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
Note 3		
Long term provisions		
Provision for employee benefits		
Provision for gratuity	-	-
Provision for Leave encashment	7,665,996	5,893,540
	7,665,996	5,893,540
Provision for long term compensated absence has been broken into current & non-current based on the information provided by the actuary.		
Note 4		
Trade Payables		
Sundry Creditors	99,040,128	58,745,357
	99,040,128	58,745,357
Dues to Micro, Small and Medium enterprises	-	-
Note 5		
Other current liabilities		
Advance from customers	6,016	216,210
Expenses payable	3,586,143	6,824,459
Employee related payables	4,798,338	1,576,791
Statutory related payables	20,542,782	2,910,206
	28,933,279	11,527,666
Dues to Micro, Small and Medium enterprises (Refer note no.24)	-	-
Note 6		
Short term provisions		
Provision for employee benefits		
Provision for Incentive	8,500,000	6,750,000
Provision for gratuity	3,207,979	1,456,314
Provision for Leave encashment	5,283,863	4,128,425
Provision for Taxation	13,355,749	5,300,000
	30,347,591	17,634,739
Provision for long term compensated absence has been broken into current & non-current based on the information provided by the actuary.		



Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2018

Note 7 - Fixed Assets
Tangible assets

Figures in Rs.

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at	Additions	Deletions/ Adjustments	As at	Provided for the year ended March 2018	Deletions/ Adjustments	Up to	As at	
	April 1, 2017			March 31, 2018	April 1, 2017		March 31, 2018	March 31, 2018	March 31, 2017
1 Plant and Machinery	10,614,033	121,500	8,264,497	2,471,036	9,827,324	532,838	2,095,665	375,371	786,709
2 Furniture and Fixtures	1,513,423	1,035,418	1,187,133	1,361,708	1,163,730	192,225	168,822	1,192,886	349,693
3 Vehicles	3,240,568	2,531,322	1,269,490	4,502,400	2,251,447	1,012,867	1,994,824	2,507,576	989,121
4 Office Equipment	4,373,104	25,199	1,877,539	2,520,764	3,510,570	552,045	2,185,076	335,688	862,534
5 Electrical & Fittings	230,726	427,519	56,016	602,229	81,851	114,700	140,535	461,694	148,875
6 Computers	12,124,719	652,516	8,161,724	4,615,511	10,589,573	790,846	3,218,695	1,396,816	1,535,146
TOTAL	32,096,573	4,793,474	20,816,399	16,073,648	27,424,495	3,195,521	9,803,617	6,270,031	4,672,078

Intangible assets

Figures in Rs.

DESCRIPTION	GROSS BLOCK				AMORTIZATION			NET BLOCK	
	As at	Additions	Deletions/ Adjustments	As at	Provided for the year ended March 2018	Deletions/ Adjustments	Up to	As at	
	April 1, 2017			March 31, 2018	April 1, 2017		March 31, 2018	March 31, 2018	March 31, 2017
1 Software	13,950,844	426,117	8,141,749	6,235,212	10,504,811	1,470,865	3,833,927	2,401,285	3,446,033
TOTAL	13,950,844	426,117	8,141,749	6,235,212	10,504,811	1,470,865	3,833,927	2,401,285	3,446,033
Grand Total	46,047,417	5,219,591	28,958,148	22,308,860	37,929,306	4,666,386	13,637,544	8,671,316	8,118,111
Previous Year Ended Mar-17	43,092,592	2,954,825	-	46,047,417	33,029,662	4,899,644	37,929,306	8,118,111	10,062,930



	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
Note 8		
Deferred Tax Asset		
Deferred tax resulting from timing difference between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only if there is a virtual certainty that there will be sufficient future taxable income available to realise the assets.		
Net amount debited to Profit & loss on account of deferred tax	1,573,000	4,779,409
<u>Components of deferred tax:</u>		
Asset		
Provisions for employee benefits	3,567,539	2,761,051
Provisions for Doubtful Debts	3,063,622	4,560,590
On account of timing differences relating to WDV of fixed assets	748,583	252,359
Unbilled Revenue	1,767,256	-
Deferred tax Asset (net)	9,147,000	7,574,000
Note 9		
Long term loans and advances		
Unsecured & considered good		
Security deposits	10,632,526	4,225,447
Rent deposits	98,929	134,599
Unsecured & considered doubtful		
Security Deposit - Doubtful	400,000	400,000
Less : Provision for Security Deposit	400,000	400,000
	10,731,455	4,360,046
Note 10		
Other non-current assets		
Advance for Capital Assets	268,997	-
Investment in Fixed Deposits		
Fixed Deposits with original maturity for more than 12 months	21,037,998	10,400,000
* Fixed Deposits of Rs.210.38 Lakhs has been placed on lien with Banks		
	21,306,995	10,400,000



	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
Note 11		
Trade receivables		
Trade Receivables Outstanding for a Period Exceeding Six Months		
Unsecured, considered good	25,595,911	12,353,811
Doubtful	10,630,739	16,064,380
Less: Provision for doubtful debts	10,630,739	16,064,380
Other Trade Receivables		
Unsecured, considered good	143,784,772	127,065,849
	169,380,683	139,419,660
Note 12		
Cash and bank balances		
Cash in Hand	24,498	-
Balance with banks		
On current accounts	16,736,527	1,438,067
Fixed Deposits with original maturity for less than 12 months *	12,951,406	17,800,729
* Out of the Fixed Deposits, Rs.50.62 Lakhs has been placed on lien with Banks		
	29,712,431	19,238,796
Note 13		
Short term loans and advances		
Unsecured and considered good		
Employee related advances	568,039	503,754
Other advances	1,160,785	703,419
Earnest Money Deposit	891,478	1,797,437
Interest accrued on Fixed Deposits	278,977	285,734
Prepaid expenses	5,040,407	6,796,340
Advance tax / TDS	84,540,220	50,217,380
Service tax credit	609,395	-
GST Credit	1,220,432	-
Unsecured and considered Doubtful		
Earnest Money Deposit - Doubtful	89,486	89,486
Less : Provision for doubtful loans and advances	89,486	89,486
	94,309,733	60,304,064



	For the Year Ended March 31, 2018 Rs.	For the Year Ended March 31, 2017 Rs.
Note 14		
Revenue from operations		
Fee Income from Services		
Overseas	107,853,993	126,963,298
Domestic	447,695,264	236,066,999
Other Operating Income - Training Services	6,024,472	2,230,801
	561,573,729	365,261,098
Note 15		
Other income		
Interest income :		
Bank fixed deposits	2,080,510	2,742,298
Investment income:		
Profit on sale of Investment on Mutual Fund	-	144,898
Provision no longer required written back	18,652,876	23,702,004
Profit on sale of fixed assets	199,999	-
Miscellaneous Income	1,664,951	1,329
	22,598,336	26,590,529
Note 16		
Employee benefits expense		
Operating expenses		
Salaries	145,394,011	103,041,887
Contribution to provident fund	5,789,295	4,244,339
Gratuity & long term compensated absence	7,093,048	3,697,344
Staff welfare	7,831,176	7,732,310
Total employee benefits expense	166,107,530	118,715,880
Note 17		
Finance Costs		
Interest Cost	-	2,513,304
	-	2,513,304



	For the Year Ended March 31, 2018 Rs.	For the Year Ended March 31, 2017 Rs.
Note 18		
Other expenses		
Operating expenses		
Recruitment Expenses	380,820	608,618
Travelling & conveyance	41,398,059	32,284,590
Communication	1,132,395	1,094,608
Consultants Outsourcing fees	118,033,048	114,736,091
Less : Reimbursement of Expenses	(3,260,016)	(2,503,534)
	157,684,306	146,220,373
Business Development Cost		
Business Development and Advisory Cost	180,663,856	40,437,866
	180,663,856	40,437,866
General & administration expenses		
Power	1,023,422	1,101,996
Rent	9,685,332	11,149,363
Rates & taxes	250,140	572,878
Repairs & maintenance	1,980,256	2,961,767
Printing & stationery	3,048,135	1,707,212
Postage Expenses	275,917	326,005
Sitting fees	300,000	225,000
Insurance	785,775	298,509
Bank Charges	623,107	425,070
Foreign Exchange Loss (Net)	769,782	4,632,371
IT Expenses	1,878,677	1,724,685
Legal and Professional charges	930,836	273,550
Provision for bad & doubtful debts	13,219,235	10,764,728
Provision for doubtful loans and advances	-	-
Bad debts written off	-	14,857,704
Auditor's remuneration (Details given below)	480,000	410,570
Tender Fees	49,651	34,695
Training Expenses	756,267	729,811
Campaign, Exhibition & Accreditation Expenses	104,496	270,522
Miscellaneous expenses	632,661	514,973
	36,793,689	52,981,409
Total other expenses	375,141,850	239,639,648
Payment to Auditor		
As Auditor :		
Audit fee(excluding Service Tax/GST)	355,000	355,000
Tax audit fee(excluding Service Tax/GST)	50,000	50,000
Certification Fees (excluding GST)	75,000	-
GST	86,400	60,750
In other capacity		
Other services	-	4,000
Reimbursement of expenses	-	1,570



	For the Year Ended March 31, 2018 Rs.	For the Year Ended March 31, 2017 Rs.
Note 19		
Earnings per share		
Net profit after taxes	26,473,550	16,003,741
Equity shares outstanding as at the year end (in Nos.)	2,000,000	2,000,000
Nominal value per equity share	10	10
Weighted average number of shares	2,000,000	2,000,000
Earnings per share - Basic	13.24	8.00
Earnings per share - Diluted	13.24	8.00



Note - 20

The company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 2013. Accordingly, the company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.

Note - 21

Earnings in Foreign Currency

Income from Services – Rs.107,853,993. (Previous year – Rs.127,263,298)

Note - 22

Expenditure in foreign currency on account of

Nature of Expenditure	2017 – 2018 (Rs.)	2016-2017 (Rs.)
Foreign Travel	6,213,471	5,247,216
Capital Goods	-	463,230
Others	80,177,830	51,952,644
Total	86,391,301	57,663,090

Note – 23

Employee Benefits under Accounting Standard No. 15 (R)

i) Defined Contribution Plan

Contribution towards defined contribution plan is charged off for the year as under:

Defined Contribution Plan	2017 – 2018 (Rs.)	2016-2017 (Rs.)
Employer Contribution to the Provident Fund	5,789,295	4,244,339
Employer Contribution to the Superannuation Fund	1,348,581	1,202,758

ii) Defined Benefit Plan

Leave Salary Encashment:

Eligible employees can carry forward and encash leave as per leave policy of the company at the time of resignation or retirement.

Leave Encashment	2017 – 2018 (Rs.)	2016-2017 (Rs.)
Opening Balance	10,021,965	7,896,808
Closing Balance	12,949,859	10,021,965
Debited to Profit & Loss A/c (Net of Payments)	2,927,894	2,125,157



iii) Gratuity

The Company operates gratuity plan through Life Insurance Corporation of India. Every Employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. The benefit vests after 5 years of continuous service. The present value of obligation is determined based on actuarial valuation.

a) Reconciliation of Opening and Closing balances of Defined Benefit Obligation	Gratuity 2017-2018 (Rs.)	Gratuity 2016-2017 (Rs.)
Defined Benefit Obligation at the beginning of the year	4,989,701	4,128,228
Current Service Cost	1,193,904	865,169
Interest Cost	370,715	306,665
Actuarial (gain)/loss	2,127,020	32,147
Benefit paid	-93,680	-342,509
Defined Benefit obligation at year end	8,587,659	4,989,701
b) Reconciliation of Opening and Closing balances of fair value of plan assets		
Fair value of Plan assets at beginning of the year	3,600,700	3,106,802
Expected return on plan assets	362,943	283,522
Actuarial (gain)/loss	120,717	247,115
Employer contribution	1,432,106	800,000
Benefits Paid	-93,680	342,509
Fair value of Plan assets at Year end	5,422,785	3,600,700
c) Reconciliation of Fair value of Plan assets and Obligations		
Fair value of Plan assets as at 31 st March 2018	5,422,785	3,600,700
Present value of Obligation as at 31 st March 2018	8,587,659	4,989,701
Asset/Liability	-3,164,874	-1,389,001
d) Expenses recognized during the year		
Current Service Cost	1,193,904	865,169
Interest Cost	370,715	306,665
Expected return on Plan assets	-362,943	-283,522
Net Actuarial (Gain)/ loss	2,006,303	32,147
(Return) on plan assets (excluding interest income)	-	247,116
Net Cost	3,207,979	1,167,575
e) Actuarial assumption /Mortality table (L.I.C)		
Discount rate Per annum	7.00%	7.00%
Expected rate of return on plan assets Per annum	8.50%	8.50%
Rate of Escalation in salary Per annum	5.50%	5.00%
Rate of Attrition	3%	1-3%

The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in employment market. The expected rate of return is determined considering several applicable factors mainly composition of plan assets, assessed risks, historical results of return on plan assets and company's policy for plan assets management.



Note - 24

Based on information available and relied upon by the Auditors, there are no dues to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act of 2006 for more than 45 days as at March 31st 2018.

Note - 25

1. Related party disclosures under Accounting Standard -18

List of Related parties

a. Companies having substantial interest in voting rights:

1. TI Financial Holdings Ltd (Formerly known as Tube Investments of India Limited)
2. Mitsui Sumitomo Insurance Company Limited, Japan

b. Companies under same management:

1. Cholamandalam MS General Insurance Company Ltd

b. Key Managerial Personnel:

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

Details of Related Party Transactions:

Transactions	Related Party	2017-2018 (Rs.)	2016-2017 (Rs.)
Rendering of Services (Income)	Cholamandalam MS General Insurance Co Ltd	212,171,340	70,350,517
Availment of Services (Expense)	Cholamandalam MS General Insurance Co Ltd	4,420,242	5,662,534
Sitting Fees	A) Mitsui Sumitomo Insurance Company Limited	225,000	165,000
Dividend Paid	A) TI Financials Holdings Ltd (Formerly known as Tube Investments of India Ltd) B) Mitsui Sumitomo Insurance Company Ltd	1,979,958 2,000,000	1,979,958 2,000,000
Recovery of Expenses	Cholamandalam MS General Insurance Co Ltd	268,690	-
Receivables / Payables	Cholamandalam MS General Insurance Co Ltd	57,715,201(Cr)	41,077,911(Cr)
Remuneration to Key Managerial Personnel	A) N V Subba Rao Designation: Chief Executive	11,312,285	10,642,803



Note – 26

Contingent Liability

Particulars	As at March 31, 2018	As at March 31, 2017
Contested Liabilities Not provided for in respect of Tax matters pending before Appellate Authorities Income Tax Matters: In respect of disallowance of payments made towards Business Promotion and Referral charges paid	Rs. 5,38,30,696/-	--

The Company is on appeal against the disallowance of payments made towards Business Promotion and Referral charges paid in accordance with the Preferred Partner Tie up Agreement entered into. The Company is of the opinion that the above demands are not sustainable and confident of winning the appeal before the appellate forum.

Note – 27

Capital commitments for procurement of Fixed Assets

Particulars	Amount (Rs.)
Computers	32,997
Plant and machinery	287,000
Total	319,997

Note – 28

Previous year's figures have been regrouped wherever considered necessary.



Note – 29

Significant Accounting Policies

i) Accounting Convention

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with Generally Accepted Accounting Principles in India. The said financial statements comply with the relevant provisions of the Companies Act, 2013 (the Act) and the applicable accounting standards.

ii) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

iii) Fixed assets and depreciation

Assets

- A) Fixed Assets are stated at historical cost. Cost includes related taxes, duties, freight, etc. attributable to acquisition and installation of assets, but excludes duties and taxes that are recoverable subsequently from taxing authorities.
- B) Depreciation on fixed assets is provided on straight line method over the useful life of assets and in the manner as prescribed by Schedule II of the Companies Act, 2013 except for the assets which are depreciated at a higher rate based on their estimated useful life as under:

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

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

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

iv) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments . All other investments are classified as Non Current investments.

Investments are categorized into Non Current and Current Investments. Non Current Investments are valued at Cost, unless there is a fall in value, other than temporary. Current Investments are valued at Cost or Market Value whichever is lower.



v) Revenue recognition

Income from Services are recognized on proportionate completion method to the extent certified in respect of performance of each contract, based on agreed billing schedule with customers.

Dividend on Investments is accounted as and when the right to receive the payment is established.

All income and expenses are accounted on accrual basis with necessary provisions for all known liabilities and losses.

vi) Employee benefits

A. Defined Contribution Plan

The company's Provident Fund Scheme, Superannuation Scheme are Defined Contribution Plans and the Company's Contribution paid/payable is recognized as expense in Statement of Profit and Loss during the period in which the employees rendered the related services.

B. Defined Benefit Plan:

The Company's Gratuity scheme is operated through Group Gratuity Scheme of LIC and is a Defined Benefit Plan. The Company's liability towards Gratuity are actuarially determined using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of Employee Benefit Entitlement.

Actuarial gains and other losses are charged to Statement of Profit and Loss.

C. Long Term Employee Benefits:

Long term compensated absences are long term employee benefits and are provided for based on independent Actuarial Valuation using Projected Unit Credit Method.

Actuarial gains and other losses are charged to Statement of Profit and Loss .

D. Short Term Employee Benefits:

Short term employee benefits, including accumulated compensated absences, at the balance sheet date, are recognized as an expense as per the Company's scheme based on expected obligations on undiscounted basis.

vii) Foreign currency transactions

Foreign Currency Transactions are recognized in the books at the exchange rates prevailing on the date of transaction.

Foreign currency monetary items as at Balance Sheet date are restated at the closing exchange rates. Exchange differences arising on actual payment /realization and year end restatements are dealt with in the Statement of Profit and Loss as exchange gain or loss.

viii) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.



ix) 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 statement.

x) Taxes on Income

Taxes on Income comprise the current tax provision, taxes of earlier years and net change in the deferred tax asset or liability during the year. Current tax is determined in accordance with the Income Tax Act, 1961. Taxes of earlier years computed in accordance with provision for tax created in the previous years for which assessments happened during the period. Deferred tax assets and deferred tax liabilities are recognized for the future tax consequences of timing differences between the carrying values of the assets and liabilities and their respective tax bases using enacted or substantially enacted tax rates. Deferred tax asset is recognized subject to the consideration of prudence, on timing difference.



N. Srinivasan
Director



S S Gopalarathnam
Director



M. Sundar
Company Secretary



Takahiko Shibakawa
Director

Place: Chennai
Date: April 26, 2018