

**CHOLAMANDALAM  
MS RISK  
SERVICES LIMITED**

**ANNUAL REPORT**

**2014 - 15**

### **NOTICE TO SHAREHOLDERS**

**NOTICE** is hereby given that the Twentieth Annual General Meeting (AGM) of shareholders of Cholamandalam MS Risk Services Limited will be held at 10.30 am on Tuesday, July 28, 2015, 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. To receive, consider and adopt the Directors' Report, the audited statement of Profit and Loss Account for the year ended March 31, 2015 and the Balance sheet as at that date and the Auditors' Report thereon.
2. To declare a dividend on the equity share capital of the Company for the year ended March 31, 2015.
3. To appoint a Director in the place of Mr. N Srinivasan (DIN: 00123338), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. RGN Price & Co., Chartered Accountants, bearing Registration No.002785S as statutory auditors of the Company and if deemed fit, to pass with or without modification(s), the following as an **Ordinary Resolution**:

**RESOLVED THAT** pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. RGN Price & Co., Chartered Accountants, bearing Registration No. 002785S, be and are hereby appointed as the statutory auditors of the Company to hold office for a period of five years commencing from the conclusion of the twentieth Annual General Meeting till the conclusion of twenty fifth Annual General Meeting subject to ratification of such appointment by members at every annual general meeting at a remuneration of Rs.2,65,000/- (statutory audit fees - Rs.2,50,000/- & out of pocket expenses -Rs. 15,000/-) plus service tax as applicable for FY 2015-16.

#### **SPECIAL BUSINESS:**

##### **5. Appointment of Mr. Maki Kumagai as Director:**

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

**RESOLVED THAT** pursuant to the provisions of Section 149, 160 and other applicable provisions 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) Mr. Maki Kumagai (DIN: 06897835) be and is hereby appointed as Director of the Company liable to retire by rotation.

##### **6. Appointment of Mr. Takahiko Shibakawa as Director:**

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

PAN No. AABCC6610Q

T +91 (0)44 3044 5620 - 30      www.cholarisk.com  
F +91 (0)44 3044 5550

CIN: U74140TN1994PLC029257  
PAN based STC No. AABCC6610QST001

**RESOLVED THAT** pursuant to the provisions of Section 149, 160 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Takahiko Shibakawa (DIN: 07099972) be and is hereby appointed as Director of the Company liable to retire by rotation.

**By Order of the Board**

  
**E. Krithika**  
Company Secretary

**Date: April 28, 2015**

**Place: Chennai**

**NOTES:**

1. **A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote instead of him. The proxy need not be a member of the Company. Proxy to be valid shall be deposited at the Registered office of the Company not later than 48 hours before the time for holding the meeting.**
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 AGM.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
4. Members are requested to intimate immediately any change in their address, if any, to the Registered Office of the Company.
5. All documents referred to in the notice will be available for inspection at the company's registered office during normal business hours on working days up to the date of the AGM.

**By Order of the Board**

  
**E. Krithika**  
Company Secretary

**Date: April 28, 2015**

**Place: Chennai**



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**ANNEXURE TO THE NOTICE**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No.5:**

The Board at its meeting held on July 28, 2014 appointed Mr. Maki Kumagai as additional director pursuant to the provisions of section 161 of the Companies Act, 2013. As per the said provisions, Mr. Kumagai will hold office upto the date of this annual general meeting.

As per Shareholders agreement, Mr. Maki Kumagai is a representative of Mitsui Sumitomo Insurance Company Limited, on the Board of the Company.

The Company has received notice in writing from one of the members along with the requisite deposit in accordance with section 160 of the Act, proposing the candidature of Mr. Maki Kumagai, as Director on the Board.

***Profile of Mr. Kumagai:***

Mr.Kumagai holds Bachelor's degree in Arts from Tokyo University of Foreign Studies. He has nearly 35 years of experience in Insurance industry. Mr. Kumagai is also a Director in Cholamandalam MS General Insurance Company Limited.

The Board recommends the appointment of Mr. Maki Kumagai to the members for approval.

***Memorandum of Interest:***

Except Mr. Maki Kumagai, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolutions.

**Item No. 6:**

The Board at its meeting held on March 23, 2015, appointed Mr. Takahiko Shibakawa as additional director with effect from April 1, 2015 pursuant to the provisions of section 161 of the Companies Act, 2013. As per the said provisions, Mr. Shibakawa will hold office upto the date of this annual general meeting.

As per Shareholders agreement, Mr. Shibakawa is a representative of Mitsui Sumitomo Insurance Company Limited, on the Board of the Company.

The Company has received notice in writing from one of the members along with the requisite deposit in accordance with section 160 of the Act, proposing the candidature of Mr. Takahiko Shibakawa, as Director on the Board.

***Profile of Mr. Shibakawa:***

Mr. Takahiko Shibakawa is a Graduate with Majors in Economics from the Kobe University, Japan. He has been working in MSI from April, 1984. Mr. Shibakawa has over 28 years of experience in general insurance industry and is a Board member of Cholamandalam MS General Insurance Company Limited.



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The Board recommends the appointment of Mr. Takahiko Shibakawa to the members for approval.

**Memorandum of Interest:**

Except Mr. Takahiko Shibakawa, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolutions.

**By Order of the Board**



**E. Krithika**  
Company Secretary

**Date: April 28, 2015**  
**Place: Chennai**



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## DIRECTORS' REPORT TO MEMBERS

Your Directors have pleasure in presenting the twentieth annual report together with the audited financial statements of the Company for the year ended March 31, 2015.

### FINANCIAL HIGHLIGHTS

(Rs. in million)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Income	353.29	245.79
Expenses	332.93	212.23
<b>Profit Before Tax</b>	<b>20.36</b>	<b>33.56</b>
Profit After Tax	13.74	22.52
Add: Balance b/f from Previous Year	14.59	12.91
<b>Total</b>	<b>28.33</b>	<b>35.43</b>
Dividend-Equity	3.00	5.00
Tax on Dividend	0.61	0.85
Transfer to General Reserve	10.00	15.00
Profit carried to Balance Sheet	14.53	14.58

### OPERATIONS

During the year, the Company registered growth in terms of revenue which stood at Rs.353.3 million as against Rs. 245.8 million in the previous year. The Company recorded profit before tax of Rs.20.4 M as at March 31, 2015.

The Company has strengthened its consultancy portfolio with the launch of new services viz., Gas Dispersion Modeling, FERA/EERA, CFD Modeling, Odour Impact Assessment, Electrical Validation Study, Cable Risk Assessment. During the year under review, the Company amplified its clientele with 112 new clients across the country.

The Company continues to support Choramandalam MS General Insurance Company Limited and its clients through value added services like Thermography, Safety Audits, Air / water Quality Audits, and Cargo Loss Minimizations Studies. During the year, the projects bagged by Company crossed over 300 and serviced clients from both India & 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 which was 134 as at March 31, 2015 comprising 87 engineers and 47 consultants.

During the year under review, industry/segment specific programs were organized and the Company also actively participated in several events. Further, the Company associated with IIT Madras for facilitating a course in Process Safety for B.Tech Students. The Company has hosted CCPS 8<sup>th</sup> Asia Pacific Regional Meeting in Chennai, which have been attended by Dignitaries from Various Industries from South East Asia.

Strategic Alliance Partnership with ARCADIS and Inogen Global Alliance were entered into during FY 2014-15. Both these arrangements are expected to improve our customer penetration of MNCs operating in India. 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 final dividend of Rs.1.50/- (previous year – Rs. 2.50) per equity share of Rs.10/-each.

#### **TRANSFER TO RESERVES**

Your Company has transferred an amount of Rs.10 million to General reserves out of the amount available for appropriations.

#### **OUTLOOK 2015-16**

The Company has recorded highest ever Order book of Rs. 444.4 M in the year and carry forward of Rs. 243 M for FY'15-16. Keeping in view of this high value Order book and technical association entered with two global players, the Company is looking for further growth opportunities in terms of Income and profitability along with increasing the customer base in Middle East and India.

#### **DIRECTORS**

During the year, Mr. Junichi Nakamura was appointed as director at the nineteenth annual general meeting.

The Board of Directors at their meeting held on July 28, 2014 appointed Mr. Maki Kumagai as additional director.

During the year, Mr. M M Murugappan, Chairman resigned from the office of director with effect from March 31, 2015. The nomination of Mr. Tsuyoshi Yamane, was withdrawn by MSI with effect from March 31, 2015.

The Board places on record its appreciation for the contributions made by Mr. Murugappan and Mr. Yamane during their tenure of offices.

Mr. Takahiko Shibakawa was nominated by MSI in the place of Mr. Yamane and the Board at its meeting held on March 23, 2015 appointed Mr. Shibakawa on the Board as additional director with effect from April 1, 2015.

The Company has received notice from a member under the provisions 160 of the Act alongwith the necessary deposit proposing the appointment of Mr. Kumagai and Mr. Shibakawa at the ensuing annual general meeting

The Board of directors recommend their appointment to the general body.

During the year under review, Mr. N Srinivasan retires by rotation at the forthcoming annual general meeting and being eligible offers for re-appointment.

#### **KEY MANAGERIAL PERSONNEL**

The Key Managerial Personnel of the Company are Mr. N V Subba Rao, Chief Executive and Ms. E Krithika, 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, five Board meetings were convened and held on the following dates, April 24, 2014, July 28, 2014, October 28, 2014, January 30, 2015 and March 23, 2015. The intervening gap between meetings did not exceed 120 days.

## **STATUTORY AUDITORS**

Your directors recommend the appointment of M/s RGN Price & Co., Chartered Accountants, for a period of five years commencing from the conclusion of the twentieth annual general meeting till the conclusion of twenty fifth annual general meeting subject to ratification of the appointment by the members at every annual general meeting. M/s RGN Price have confirmed their eligibility under section 141 of the Companies Act, 2013 and the Rules framed there under.

## **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 27 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. To check the internal financial controls of the Company, internal audit is conducted every quarter and the observations 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.

During the year ended March 31, 2015, 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, 2015 is attached as Annexure 1 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 is 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 Profit & Loss Account for the year ended March 31, 2015 and the Balance Sheet as at that date ("financial statements") and confirm that :

- in the preparation of the Profit & Loss account and the cash flow statement for the financial year ended March 31, 2015 and the Balance Sheet as at that date ( " financial statements" ) applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with the size and nature of operations, subject to the inherent limitations that should be recognized in weighing the assurance provided by any such system of internal controls.
- the financial statements have been prepared on a going concern basis.
- proper systems are in place to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

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

Particulars required to be furnished in this report under Section 134(3) of the Companies Act, 2013 and the rules made thereunder, relating to conservation of energy and technology absorption are not applicable for the year under review, and hence not furnished. The foreign exchange earnings and outgo during the year was at Rs. 29.7 million and Rs. 5.2 million respectively.

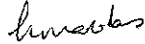
## **Acknowledgments**

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**



**S S Gopalarathnam**



**Takahiko Shibakawa**

**April 28, 2015  
Chennai**

**Annexure I**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN  
as on the financial year ended on March 31, 2015**

[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, Parrys, Chennai – 600 001
5	Category / Sub-Category of the Company	Company limited by shares / Indian non-government Company
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**

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

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
	Demat	Physical	Total	% of Total Sh	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
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....									
<b>Sub-total (A) (1):-</b>	-	1000000	1000000	50	-	1000000	1000000	50	-
(2) <b>Foreign</b>									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corporate	-	1000000	1000000	50	-	1000000	1000000	50	-
d) Banks / FI									
e) Any Other....									
<b>Sub-total (A) (2):-</b>	-	1000000	1000000	50	-	1000000	1000000	50	-
<b>Total shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	-	2000000	2000000	100	-	2000000	2000000	100	-

<b>B. Public Shareholding</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<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) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>2. Non Institutions</b>									
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)									
<b>Sub-total (B)(2):-</b>	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
<b>Grand Total (A+B+C)</b>	-	2000000	2000000	100		2000000	2000000	100	-

**(ii) Shareholding of Promoters**

S N o.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumb ered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumb ered to total shares	
1	Tube Investments of India Limited	989979	49.49	-	989979	49.49	-	-
2	Chola Insurance Services Pvt Limited	2	-	-	2	-	-	-
3	Ambadi Investment Pvt 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 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	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 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 /	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 lakh

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1250.0	Nil	Nil	1250.0
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	6.9			6.9
<b>Total (i+ii+iii)</b>	<b>1256.9</b>	<b>Nil</b>	<b>Nil</b>	<b>1256.9</b>



<b>Change in Indebtedness during the financial year</b>				
- Addition	842.7			842.7
- Reduction	1506.9	Nil	Nil	1506.9
<b>Net Change</b>	<b>(664.2)</b>	<b>Nil</b>	<b>Nil</b>	<b>(664.2)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	592.7			592.7
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>592.7</b>	<b>Nil</b>	<b>Nil</b>	<b>592.7</b>

## 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	NA
2.	Stock Option	NA
3.	Sweat Equity	NA
4.	Commission  - as % of profit - Others, specify...	NA
5.	Others, please specify (retiral benefits)	NA
	<b>Total (A)</b>	NA
	Ceiling as per the Act	NA

B. Remuneration to other directors:

1. Other Non-Executive Directors

(Rs. in lakhs)

S. n.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. M M Murugappan #	Mr. N Srinivasan	Mr. S S Gopalarathnam	Mr. Maki Kumagai	Mr. Tsuyoshi Yamane#	Mr. Junichi Nakamura	
1	Sitting Fees paid for attending Board meetings	0.55	0.70	NA	0.30	0.70	0.70	
	<b>Total</b>							<b>2.95</b>

# Resigned with effect from March 31, 2015

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	Ms. E Krithika	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	81.33	NIL	81.33
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961	0.24		0.24
	(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)	9.41		9.41
	<b>Total</b>	<b>90.98</b>	<b>NIL</b>	<b>90.98</b>

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

There were no penalties/ punishment/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, 2015.

Annexure to Directors' Report

INFORMATION IN TERMS OF THE PROVISIONS OF RULES 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE YEAR ENDED MARCH 31,2015

Name	Age	Designation/ Nature of Business	Gross Remunera tion	Qualification/ Experience	Date of Commencem ent of Employment	Last Employment/ Designation	Percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) of Rule 5 of Companies (Appointment and Remuneration of Personnel)	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
Subba Rao N V	53	Chief Executive	9098709	B.E, Mechanical Engineering, Dip.in Indl. Safety Management, 29 years	Jun-98	Guardian Insurance, Senior Manager	Nil	No

**Notes:**

Remuneration as shown above includes salary, allowances, Company's contribution to provident, superannuation and gratuity funds and perquisites valued as per income tax rules.

Annexure to Directors' Report

INFORMATION IN TERMS OF THE PROVISIONS OF RULES 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE YEAR ENDED MARCH 31,2015

Name	Age	Designation/ Nature of Business	Gross Remunera tion	Qualification/ Experience	Date of Commencem ent of Employment	Last Employment/ Designation	Percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) of Rule 5 of Companies (Appointment and Remuneration of Personnel)	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
Subba Rao N V	53	Chief Executive	9098709	B.E, Mechanical Engineering, Dip.in Indl. Safety Management, 29 years	Jun-98	Guardian Insurance, Senior Manager	Nil	No

**Notes:**

Remuneration as shown above includes salary, allowances, Company's contribution to provident, superannuation and gratuity funds and perquisites valued as per income tax rules.

**R.G.N.PRICE & CO.**  
CHARTERED ACCOUNTANTS

Phone : 28413633 / 28583494  
Telefax : 28544569  
E-Mail : [price@vsnl.com](mailto:price@vsnl.com)  
Offices at : Mumbai, Bangalore, New Delhi,  
Cochin, Quilon & Calicut  
Ref. :

Simpson's Buildings  
Post Box No.335  
861, Anna Salai  
Chennai - 600 002

28 APR 2015

**INDEPENDENT AUDITORS' REPORT**

**To the Members of Cholamandalam MS Risk  
Services Limited**

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **Cholamandalam MS Risk Services Limited** ("the Company"), which comprises the Balance Sheet as at 31<sup>st</sup> March, 2015, 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.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance 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 of 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone 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 standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the 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 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.


### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) order, 2015 ("the order") issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure a statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of 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 accounts.
  - d) In our opinion, the aforesaid standalone 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 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) The Company has adequate internal financial controls over financial reporting of the company and the operating effectiveness of such controls is sufficient.



- 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 impact of pending litigations on its financial position in its financial statement which has been referred by us in Paragraph 7(b) of CARO 2015 – Refer Note 22 of the financial statements.
  - ii. The Company has made provisions for long-term contracts for which there are material foreseeable losses.
  - iii. No amounts 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

  
K. Venkatakishnan  
Partner  
M. No. 208591  
FR No. 002785S

28 APR 2015



## Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date to the Members of Cholamandalam MS Risk Services Limited)

We report that:

- (i)
  - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) Fixed assets are physically verified by the Management during the current year. No material discrepancies were noticed by the management on such verification.
- (ii) The nature of the business of the Company does not require it to hold any inventory and therefore clauses relating to inventory are not applicable.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale services. Further on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) As the company has not accepted deposits, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under, are not applicable.
- (vi) Maintenance of cost records, specified by the Central Government under sub-section (1) of section 148 of the Companies Act 2013, is not applicable for this company.
- (vii)
  - (a) According to the information and explanations given to us, and records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, income-tax, service tax, cess and any other statutory dues as applicable, with the appropriate authorities. There are no arrears of undisputed statutory dues outstanding as at 31<sup>st</sup> March 2015 for a period of more than six months from the date they become payable.
  - (b) According to the information and explanations given to us, and the records of the Company examined by us, there were no material dues of Provident Fund, Service tax, other statutory dues income tax, which have not been deposited on account of a dispute.


Nature of the Statute	Name of the due	Amount Disputed (Rs.)	Financial Year	Forum where dispute is pending
Income Tax Act, 1961.	Income Tax	5,74,000/-	2005-2006	Commissioner of Income Tax (Appeals)



(c) No amount is required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

- (viii) The company has no accumulated losses. The company has not incurred cash losses during the financial year covered by the audit and has not incurred cash losses in the immediately preceding financial year
- (ix) The Company has not defaulted in repayment of dues to the financial institution and bank. The Company has not issued any debentures.
- (x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from Banks or financial institutions.
- (xi) The Company has obtained term loan during the financial and according to the information and explanations, the company has applied the term loan for the purpose for which it has been obtained.
- (xii) During the course of our examination of the Books and Records of the Company carried out in accordance with the Generally Accepted Auditing Practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year nor have we been informed of such case by the Management.

For R.G.N. PRICE & CO.  
Chartered Accountants

  
K. Venkatakrishnan  
Partner  
M. No. 208591  
FR No. 002785S

28 APR 2015

Particulars		Note No.	As at March 31,2015 Rs.	As at March 31,2014 Rs.
<b>I. EQUITY AND LIABILITIES</b>				
Shareholders' funds				
Share capital		1	20,000,000	20,000,000
Reserves and surplus		2	104,534,957	94,585,525
			<b>124,534,957</b>	<b>114,585,525</b>
Non-current liabilities				
Long-term borrowings			-	-
Deferred tax liabilities (Net)			-	-
Other long term liabilities			-	-
Long-term provisions		3	4,357,021	2,186,828
			<b>4,357,021</b>	<b>2,186,828</b>
Current liabilities				
Short-term borrowings		4	59,270,001	125,000,000
Trade payables		5	13,454,192	5,027,560
Other current liabilities		6	7,122,924	8,619,219
Short-term provisions		7	77,145,842	78,493,406
			<b>156,992,959</b>	<b>217,140,185</b>
			<b>285,884,937</b>	<b>333,912,537</b>
<b>TOTAL</b>				
<b>II. ASSETS</b>				
Non-current assets				
Fixed assets				
Tangible assets		8	8,316,717	8,136,966
Intangible assets		8	1,929,140	1,462,653
Capital work-in-progress			-	-
Intangible assets under development			-	-
Non-current investments		9	-	-
Deferred tax assets (net)		11	7,442,408	6,127,233
Long-term loans and advances		10	1,154,099	716,399
Other non-current assets			-	-
			<b>18,842,364</b>	<b>16,443,251</b>
Current assets				
Current investments		12	-	2,225,459
Inventories			-	-
Trade receivables		13	87,670,274	87,702,854
Cash and Bank Balances		14	43,303,388	44,844,531
Short-term loans and advances		15	136,068,911	182,696,442
Other current assets			-	-
			<b>267,042,573</b>	<b>317,469,286</b>
			<b>285,884,937</b>	<b>333,912,537</b>
<b>TOTAL</b>				

Summary of Significant accounting Policies

30

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 R.G.N.Price & Co.,  
Chartered Accountants  
Firm Registration No.0027855

K Venkatakrishnan  
Partner  
Membership No.208591



*N. Srinivasan*  
N. Srinivasan  
Director

*E. Krithika*  
E. Krithika  
Secretary

*S S Gopalathnam*  
S S Gopalathnam  
Director

*Takahiko Shibakawa*  
Takahiko Shibakawa  
Director

Place : Chennai  
Date : April 28, 2015.

Cholamandalam MS Risk Services Limited  
Statement of Profit and loss for the year ended March 31,2015

	Particulars	Note No.	For the Year Ended	For the Year Ended
			March 31,2015	March 31,2014
			Rs.	Rs.
I.	Revenue from operations	16	338,373,783	237,616,246
II.	Other income	17	14,920,694	8,177,384
III.	<b>Total Revenue (I + II)</b>		<b>353,294,477</b>	<b>245,793,630</b>
IV.	Expenses:			
	Employee benefits expense	18	96,909,283	74,917,946
	Finance costs	19	8,426,820	5,193,326
	Depreciation and amortization expense	8	5,274,944	4,515,957
	Other expenses	20	222,314,691	127,603,938
	<b>Total expenses</b>		<b>332,925,738</b>	<b>212,231,167</b>
V.	Profit before exceptional and extraordinary items and tax (III-IV)		20,368,739	33,562,463
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		20,368,739	33,562,463
VIII.	Extraordinary items		-	-
IX.	Profit before tax (VII- VIII)		20,368,739	33,562,463
X	Tax expense:			
	(1) Current tax		7,940,050	14,500,000
	(2) Deferred tax (Net)	11	(1,315,175)	(3,459,140)
XI	<b>Profit for the period from continuing operations (IX-X)</b>		<b>13,743,864</b>	<b>22,521,603</b>
XII	Profit from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	Profit from Discontinuing operations (after tax) (XII-XIII)		-	-
XV	<b>Profit for the period (XI + XIV)</b>		<b>13,743,864</b>	<b>22,521,603</b>
XVI	Earnings per equity share: (in Rs.)			
	(1) Basic & Diluted	21	6.87	11.26
	Summary of Significant accounting Policies	30		


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 R.G.N.Price & Co.,  
Chartered Accountants  
Firm Registration No.002785S

K Venkatakrishnan  
Partner  
Membership No.208591



  
N. Srinivasan  
Director

  
E. Krithika  
Secretary

  
S S Gopalarathnam  
Director

  
Takahiko Shibakawa  
Director

Place : Chennai  
Date : April 28, 2015.

Particulars	For the Year Ended March 31, 2015 Rs.	For the Year Ended March 31, 2014 Rs.
<b>A. Cash Flow from Operating Activities</b>		
Profit before Taxation	20,368,739	33,562,463
Non-cash adjustments and Non-Operating Items :		
Provision for Bad & Doubtful debts	9,704,366	11,508,603
Depreciation and Amortisation	5,274,944	4,515,957
Provision no longer required written back	(10,321,541)	(2,616,464)
Income from Investments	(3,995,770)	(4,044,841)
Profit on Sale of Investment	(92,382)	(330,136)
(Profit)/Loss on Sale of Fixed Asset	(62,198)	(1,983)
Finance Cost - Interest Paid	8,426,820	5,193,326
<b>Operating Profit before working capital changes</b>	<b>29,302,977</b>	<b>47,786,925</b>
Changes In Working Capital :		
Increase/(Decrease) in Long term Provisions	2,170,193	241,181
Increase/(Decrease) in Short term Provisions	4,651,896	1,914,080
Increase/(Decrease) in Trade Payables	8,426,632	2,489,265
Increase/(Decrease) in Other Current Liabilities	(1,496,295)	286,059
(Increase)/Decrease In Trade Receivables	1,025,930	(34,757,882)
(Increase)/Decrease in Short term Loans & Advances	34,735,448	(125,750,251)
(Increase)/Decrease in Long term Loans & Advances	(437,700)	(71,419)
<b>Total Changes in Working Capital</b>	<b>49,076,104</b>	<b>(155,648,967)</b>
<b>Cash Generated from Operations</b>	<b>78,379,082</b>	<b>(107,862,043)</b>
Less : Taxes Paid	-	(500,000)
<b>Net cash generated from operating activities</b>	<b>78,379,082</b>	<b>(108,362,043)</b>
<b>B. Cash flow from Investing Activities</b>		
Proceeds from sale of Fixed Assets	62,200	3,945
Purchase of Fixed Assets	(6,101,376)	(1,836,852)
Purchase of Current Investment	(18,200,005)	(2,225,459)
Proceeds from sale of Current Investment	20,517,840	2,500,000
Fixed Deposit		
Placed	(65,129,143)	(45,300,000)
Maturity	64,409,494	37,300,000
Income from Investments	3,807,686	4,265,305
<b>Net Cash flow from Investing Activities</b>	<b>(633,304)</b>	<b>(5,293,061)</b>
<b>C. Cash flow from Financing Activities</b>		
Dividends Paid	(5,000,000)	(5,000,000)
Dividend Distribution Tax	(849,750)	(849,750)
Proceeds from Short term borrowings	84,270,000	200,000,000
Repayment of Short term borrowings	(150,000,000)	(75,000,000)
Finance Cost - Interest paid during the year	(8,426,820)	(4,502,576)
<b>Net Cash flow (used)/ from Financing Activities</b>	<b>(80,006,570)</b>	<b>114,647,674</b>
<b>Net Increase/Decrease in Cash and Cash equivalents</b>	<b>(2,260,792)</b>	<b>992,570</b>
Cash and Cash equivalents at the beginning of the year	1,344,531	351,961
Cash and Cash equivalents at the end of the year	(916,261)	1,344,531
Components of Cash & Cash equivalents		
Cash on hand	-	-
with bank - On Current account	(916,261)	1,344,531
- On Deposits account	-	-
<b>Total Cash &amp; Cash equivalents</b>	<b>(916,261)</b>	<b>1,344,531</b>

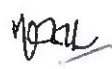
This is the Statement of Cash Flow referred to in our report of even date


For R.G.N.Price & Co.,  
Chartered Accountants  
Firm Registration No.0027855

K Venkateshkrishnan  
Partner  
Membership No.208591




Place : Chennai  
Date : April 28, 2015.

  
N. Srinivasan  
Director

  
S S Gopalaram  
Director

  
E. Krithika  
Secretary

  
Takahiko Shibakawa  
Director

	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
<b>Note 1</b>		
<b>Share capital</b>		
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	
<b>Reconciliation of number of shares outstanding:</b>		
<b>Equity shares</b>		
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 2015, the dividend per share recognised as distributions to equity shareholders is Rs 1.5/- per equity share (Previous year : Rs.2.50/- 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, 2015		As at March 31, 2014	
	No of shares	% of holding	No of shares	% of holding
Tube Investments of India Ltd	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, 2015 Rs.	As at March 31, 2014 Rs.
<b>Note 2</b>		
<b>Reserves and surplus</b>		
<b>General Reserve</b>		
Balance as per last financial statements	80,000,000	65,000,000
Add: Transfer from Statement of Profit and Loss	10,000,000	15,000,000
Closing balance	90,000,000	80,000,000
<b>Surplus in the Statement of Profit and Loss Account</b>		
Balance as per last financial statements	14,585,525	12,913,672
Add: Profit for the period	13,743,864	22,521,603
Less : Proposed dividend @ Rs.1.5 per share (Previous year @ Rs.2.5 per share) (incl. dividend distribution tax)	3,614,240	5,849,750
Less: Transferred to General reserve	10,000,000	15,000,000
Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on fixed assets with nil remaining useful life (Refer Note 30 (iii) )	180,192	-
<b>Net Surplus in the Statement of Profit and Loss</b>	14,534,957	14,585,525
<b>Total Reserves and surplus</b>	104,534,957	94,585,525

	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
<b>Note 3</b>		
<b>Long term provisions</b>		
Provision for employee benefits		
Provision for gratuity ( Note 26 (ii) )	483,606	-
Provision for long term compensated absence ( Note 26 (i) )	3,873,415	2,186,828
	<b>4,357,021</b>	<b>2,186,828</b>
Provision for long term compensated absence has been broken into current & non-current based on the information provided by the actuary.		
	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
<b>Note 4</b>		
<b>Short term Borrowings - Secured</b>		
(a) Loans repayable on demand		
From Banks	59,270,001	75,000,000
From Entities Other than Banks	-	50,000,000
	<b>59,270,001</b>	<b>125,000,000</b>
Notes : The above loans are secured by way of hypothecation of current assets of the company ,both present and future .		
<b>Note 5</b>		
<b>Trade Payables</b>		
Sundry Creditors	13,454,192	5,027,560
	<b>13,454,192</b>	<b>5,027,560</b>
Dues to Micro, Small and Medium enterprises ( Note 28)		
<b>Note 6</b>		
<b>Other current liabilities</b>		
Advance from customers	-	869,739
Interest accrued but not due	-	690,750
Expenses payable	4,802,150	4,557,853
Employee related payables	123,210	567,824
Statutory related payables	2,197,565	1,933,053
	<b>7,122,924</b>	<b>8,619,219</b>
Dues to Micro, Small and Medium enterprises ( Note 28)		
<b>Note 7</b>		
<b>Short term provisions</b>		
Provision for employee benefits		
Provision for Incentive	11,226,299	7,316,408
Provision for gratuity (Note 26 (ii) )	-	-
Provision for long term compensated absence ( Note 26 (i) )	3,187,972	2,445,967
Provision for proposed dividend (incl dividend tax)	3,614,240	5,849,750
Provision for Taxation	59,117,331	62,881,281
	<b>77,145,842</b>	<b>78,493,406</b>

Cholamandalam MS Risk Services Limited  
Notes forming part of accounts for the year ended March 31, 2015

(A) Note 8 - Fixed Assets  
Tangible assets

Figures in Rs.

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at	Additions	Deletions/ Adjustments	As at	Transfer to retained earnings	Provided for the year	Deletions/ Adjustments	Up to	As at	As at
	April 1, 2014			March 31, 2015	April 1, 2014			March 31, 2015	March 31, 2015	March 31, 2014
1 Plant and Machinery	10,539,496	-	-	10,539,496	7,317,831	982,529	-	8,300,360	2,239,136	3,221,665
2 Furniture and Fixtures	797,833	389,300	-	1,187,133	199,894	189,139	-	389,637	797,496	597,939
3 Vehicles	1,269,490	1,411,919	-	2,681,409	609,529	444,415	-	1,053,944	1,627,465	659,961
4 Office Equipment	2,168,787	1,540,298	-	3,709,085	1,144,624	767,824	-	1,914,294	1,794,791	1,024,163
5 Electrical & Fittings	33,975	22,041	-	56,016	29,927	7,158	-	37,085	18,991	4,048
6 Computers	9,211,251	1,196,522	114,485	10,293,288	6,582,061	1,809,070	114,483	8,454,390	1,838,898	2,629,190
<b>TOTAL</b>	<b>24,020,832</b>	<b>4,560,080</b>	<b>114,485</b>	<b>28,466,427</b>	<b>15,883,866</b>	<b>4,200,135</b>	<b>114,483</b>	<b>20,149,710</b>	<b>8,316,717</b>	<b>8,136,966</b>

(B) Intangible assets

Figures in Rs.

DESCRIPTION	GROSS BLOCK				AMORTIZATION				NET BLOCK	
	As at	Additions	Deletions/ Adjustments	As at	Transfer to retained earnings	Provided for the year	Deletions/ Adjustments	Up to	As at	As at
	April 1, 2014			March 31, 2015	April 1, 2014			March 31, 2015	March 31, 2015	March 31, 2014
1 Software	8,544,778	1,541,296	-	10,086,074	7,082,125	1,074,809	-	8,156,934	1,929,140	1,462,653
<b>TOTAL</b>	<b>8,544,778</b>	<b>1,541,296</b>	<b>-</b>	<b>10,086,074</b>	<b>7,082,125</b>	<b>1,074,809</b>	<b>-</b>	<b>8,156,934</b>	<b>1,929,140</b>	<b>1,462,653</b>
<b>Grand Total</b>	<b>32,565,610</b>	<b>6,101,376</b>	<b>114,485</b>	<b>38,552,501</b>	<b>22,965,991</b>	<b>5,274,944</b>	<b>114,483</b>	<b>28,306,644</b>	<b>10,245,857</b>	<b>9,599,619</b>
Previous Year	30,744,249	1,836,852	15,491	32,596,610	18,463,563	4,515,957	13,529	22,985,991	9,599,619	12,280,686



	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
<b>Note 9</b>		
Non current Investments		
Trade Investments	-	-
<u>Other investments</u>		
In Mutual funds	-	-
	-	-
	-	-
<b>Total non-current investments</b>	-	-
a) Aggregate amount of quoted investments	-	-
b) Market value of quoted investments	-	-
c) Aggregate amount of unquoted investments	-	-
d) Aggregate provision for diminution in the value of investments	-	-
	-	-
<b>Note 10</b>		
Long term loans and advances		
Unsecured & considered good		
Security deposits	1,055,170	617,470
Rent deposits	98,929	98,929
	1,154,099	716,399
<b>Note 11</b>		
<b>Deferred Tax Asset</b>		
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.		
	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
Net amount debited to Profit and loss on account of deferred tax	1,315,175	3,459,140
<u>Components of deferred tax:</u>		
<b>Liability</b>		
On account of timing differences relating to WDV of fixed assets	(316,456)	(1,055,823)
Others	-	-
	(316,456)	(1,055,823)
<b>Asset</b>		
Provisions for employee benefits	2,291,067	1,503,110
Provisions for Doubtful Debts	5,467,798	5,679,947
	7,758,865	7,183,057
<b>Deferred tax Asset (net)</b>	7,442,408	6,127,233

	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
<b>Note 12</b>		
<b>Current investments</b>		
Investment in mutual funds		
Reliance Liquid Fund Treasury Plan Retail option Growth Plan	-	2,225,459
	-	<b>2,225,459</b>
<b>Basis of valuation of investments</b>		
Quoted Investments	Cost	Cost
Unquoted investments		
Aggregate amount of unquoted investments	-	-
Aggregate amount of quoted investments	-	2,225,459
Aggregate market value of quoted investments	-	2,242,816
Aggregate provision for diminution in the value of investments	-	-
<b>Note 13</b>		
<b>Trade receivables</b>		
Unsecured and considered good		
Outstanding for a period exceeding six months from the time they became due for payment	18,563,563	8,439,620
Other debts	69,106,711	79,263,234
Unsecured and considered doubtful		
Outstanding for a period exceeding six months from the time they became due for payment	16,763,027	17,792,479
Other Debts	-	-
Less : Provision for bad & doubtful debts	16,763,027	17,792,479
	<b>87,670,274</b>	<b>87,702,854</b>
<b>Note 14</b>		
<b>Cash and bank balances</b>		
Balance with banks		
On current accounts	(916,261)	1,344,531
Fixed Deposits with original maturity for less than 12 months	30,419,649	13,000,000
Fixed Deposits with original maturity for more than 12 months	13,800,000	30,500,000
Out of the Fixed Deposits, Rs.258.19 Lakhs has been given as Security for issuing Bid Bond to National Bank of Kuwait .		
	<b>43,303,388</b>	<b>44,844,531</b>

	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
<b>Note 15</b>		
<b>Short term loans and advances</b>		
<b>Unsecured and considered good</b>		
Employee related advances	374,005	140,666
Other advances	441,891	208,974
Capital advances	-	269,341
Earnest Money Deposit	466,849	190,597
Interest accrued on Investments	633,054	444,970
Prepaid expenses	44,608,458	101,116,131
Advance tax / TDS	89,544,654	75,390,536
Service tax credit	-	4,935,227
Service tax Reverse charge	-	-
<b>Unsecured and considered Doubtful</b>		
Earnest Money Deposit - Doubtful	89,486	308,524
Less : Provision for doubtful loans and advances	89,486	308,524
	<b>136,068,911</b>	<b>182,696,442</b>
	<b>For the Year Ended March 31, 2015 Rs.</b>	<b>For the Year Ended March 31, 2014 Rs.</b>
<b>Note 16</b>		
<b>Revenue from operations</b>		
Fee Income from Services		
Overseas	29,763,406	19,234,253
Domestic	308,178,228	218,381,993
Other Operating Income - Training Services	432,149	-
	<b>338,373,783</b>	<b>237,616,246</b>
<b>Note 17</b>		
<b>Other Income</b>		
Foreign Exchange Gain (Net)	410,969	1,183,960
<b>Interest Income :</b>		
Bank fixed deposits	3,995,770	4,044,841
<b>Investment income:</b>		
Profit on sale of Investment on Mutual Fund	92,382	330,136
Provision no longer required written back	10,321,541	2,616,464
Profit on sale of fixed assets	62,198	1,983
Miscellaneous Income	37,834	-
	<b>14,920,694</b>	<b>8,177,384</b>
<b>Note 18</b>		
<b>Employee benefits expense</b>		
<b>Operating expenses</b>		
Salaries	83,609,523	62,056,751
Contribution to provident fund	3,522,296	2,643,815
Gratuity & long term compensated absence (Note 26 )	3,133,661	2,491,030
Staff welfare	6,643,803	7,726,350
<b>Total employee benefits expense</b>	<b>96,909,283</b>	<b>74,917,946</b>

	For the Year Ended March 31, 2015 Rs.	For the Year Ended March 31, 2014 Rs.
<b>Note 19</b>		
<b>Finance Costs</b>		
Interest Cost	8,426,820	5,193,326
	<b>8,426,820</b>	<b>5,193,326</b>
<b>Note 20</b>		
<b>Other expenses</b>		
<b>Operating expenses</b>		
Recruitment Expenses	881,387	1,481,006
Travelling & conveyance	24,209,639	21,580,410
Communication	963,455	675,404
Consultants Outsourcing fees	39,804,211	34,083,641
Less : Reimbursement of Expenses	(5,885,620)	(6,351,248)
	<b>59,973,071</b>	<b>51,469,213</b>
<b>Selling &amp; marketing costs</b>		
Business promotion & referral charges	131,488,272	50,110,239
	<b>131,488,272</b>	<b>50,110,239</b>
<b>General &amp; administration expenses</b>		
Power	1,471,412	1,274,011
Rent	9,116,328	5,499,031
Rates & taxes	55,739	19,821
Repairs & maintenance	2,477,508	1,615,024
Printing & stationery	1,924,750	975,978
Sitting fees	295,000	260,000
Insurance	412,585	465,477
Bank Charges	1,444,347	68,256
IT Expenses	1,653,350	1,195,204
Provision for bad & doubtful debts	9,704,366	11,200,079
Provision for doubtful loans and advances (Earnest Money Deposit)	-	308,524
Auditor's remuneration (Details given below)	415,070	415,797
Bad debts written off	-	1,732,353
Tender Fees	258,073	4,933
Campaign and Exhibition Expenses	1,117,484	649,582
Miscellaneous expenses	507,336	340,417
	<b>30,853,348</b>	<b>26,024,486</b>
<b>Total other expenses</b>	<b>222,314,691</b>	<b>127,603,938</b>
<b>Payment to Auditor</b>		
<b>As Auditor :</b>		
Audit fee(excluding service tax)	355,000	355,000
Tax audit fee(excluding service tax)	50,000	50,000
Service tax	44,554	19,685
<b>In other capacity</b>		
Other services (certification fees)	4,000	4,000
Reimbursement of expenses	6,070	6,797
<b>Note 21</b>		
<b>Earnings per share</b>		
Net profit after taxes	13,743,864	22,521,603
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	-	-
Earnings per share - Basic	6.87	11.26
Earnings per share - Diluted	6.87	11.26
<b>Note 22</b>		
<b>Contingent liabilities and commitments</b>		
<b>Contingent liabilities:</b>		
Income tax	574,000	574,000
Income tax - FBT	-	-
Service tax	-	-
<b>Commitments</b>	-	-
The company has appeals pending before the Commissioner of Income Tax (Appeals) under Income Tax Act 1961. The company is confident of winning the appeals. Hence provision is not provided for the same		

**Note - 23**

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 - 24****Earnings in Foreign Currency**

Income from Services – Rs.29,763,406 (Previous year – Rs.19,234,253)

**Note - 25****Expenditure in foreign currency on account of**

Nature of Expenditure	2014 – 2015 (Rs.)	2013-2014 (Rs.)
Foreign Travel	37,19,291	22,20,918
Capital Goods	5,89,722	NIL
Others	9,09,229	15,31,891
<b>Total</b>	<b>52,18,242</b>	<b>37,52,809</b>

**Note - 26****1. Employee Benefits under Accounting Standard No. 15 (R)****Defined Contribution Plan**

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

Defined Contribution Plan	2014-2015 (Rs.)	2013-2014 (Rs.)
Employer Contribution to the Provident Fund	32,35,842	24,20,863
Employer Contribution to the Superannuation Fund	9,28,750	7,91,233

**i) 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	2014-2015 (Rs.)	2013-2014 (Rs.)
Opening Balance	46,32,795	37,96,250
Closing Balance	70,61,387	46,32,795
Debited to Profit & Loss A/c	26,50,055	16,09,391

## ii) 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 subject to the maximum of Rs.10,00,000. The benefit vests after 5 years of continuous service. The present value of obligation is determined based on actuarial valuation.

<b>a) Reconciliation of Opening and Closing balances of Defined Benefit Obligation</b>	<b>Gratuity 2014-2015 (Rs.)</b>	<b>Gratuity 2013-2014 (Rs.)</b>
Defined Benefit Obligation at the beginning of the year	25,75,018	19,27,070
Current Service Cost	7,22,352	5,84,969
Interest Cost	2,23,989	1,50,851
Actuarial (gain)/loss	-2,49,447	2,87,618
Benefit paid	1,72,897	3,75,490
Defined Benefit obligation at year end	30,99,015	25,75,018
<b>b) Reconciliation of Opening and Closing balances of fair value of plan assets</b>		
Fair value of Plan assets at beginning of the year	17,22,021	13,14,870
Expected return on plan assets	1,95,143	1,41,486
Actuarial (gain)/loss	-18,145	0
Employer contribution	8,81,639	6,41,155
Benefits Paid	1,72,897	3,75,490
Fair value of Plan assets at Year end	26,44,051	17,22,021
<b>c) Reconciliation of Fair value of Plan assets and Obligations</b>		
Fair value of Plan assets as at 31 <sup>st</sup> March 2015	26,44,051	17,22,021
Present value of Obligation as at 31 <sup>st</sup> March 2015	30,99,015	25,75,018
Asset/Liability	-4,54,964	-8,52,998
<b>d) Expenses recognized during the year</b>		
Current Service Cost	7,22,352	5,84,969
Interest Cost	2,23,989	1,50,851
Expected return on Plan assets	1,95,143	1,41,486
Net Actuarial (Gain)/ loss	-2,67,592	2,87,618
Net Cost	4,83,606	8,81,953
<b>e) Actuarial assumption /Mortality table (L.I.C)</b>		
Discount rate Per annum	8.00%	8.00%
Expected rate of return on plan assets Per annum	9.40%	9.40%
Rate of Escalation in salary Per annum	5.50%	5.00%
Rate of Attrition	1-3%	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 27**

**1. Related party disclosures under Accounting Standard -18**

**List of Related parties**

**a. Companies having substantial interest in voting rights:**

1. Tube Investments of India Limited
2. Mitsui Sumitomo Insurance Company Limited, Japan

**b. Companies under same management :**

1. Cholamandalam MS General Insurance Company Ltd

**c. Subsidiary of Joint Venture :**

1. Cholamandalam Investment & Finance Company Ltd



Transactions	Related Party	2014-2015 (Rs.)	2013-2014 (Rs.)
Rendering of Services (Income)	A) Cholamandalam MS General Insurance Ltd	166,863,629	81,202,941
	B) Tube Investments of India Ltd	7,33,321	9,60,000
	C) Cholamandalam Investment and Finance Company Limited	NIL	4,00,000
Availment of Services (Expense)	A) Cholamandalam MS General Insurance Ltd	37,17,833	45,02,795
	B) Cholamandalam Investment and Finance Company Limited	13,500	2,62,819
Sitting Fees	A) Mitsui Sumitomo Insurance Company Limited	1,70,000	1,40,000
Dividend Paid	A) Tube Investments of India Ltd	24,74,948	24,74,948
	B) Mitsui Sumitomo Insurance Company Ltd	25,00,000	25,00,000
Recovery of expenses	A) Cholamandalam MS General Insurance Ltd	21,47,044	23,62,348
	B) Cholamandalam Investment and Finance Company Limited	NIL	1,15,128
Receivables / Payables	A) Cholamandalam MS General Insurance Ltd	10,968,812 (Cr)	99,53,757 (Dr)
	B) Tube Investments of India Ltd	NIL	1,46,068
	C) Cholamandalam Investment and Finance Company Limited	14,868(Dr)	14,868(Dr)
Interest paid	A) Cholamandalam Investment and Finance Company Ltd	NIL	17,45,206
Loan availed and repaid during the year	A) Cholamandalam Investment and Finance Company Ltd	NIL	5,00,00,000



#### **Note - 28**

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 31<sup>st</sup> 2015.

#### **Note - 29**

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

#### **Note -30**

#### **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 (Indian GAAP). 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) As per Companies Act 2013 Depreciation is to be provided based on useful life of asset as provided in Part C of Schedule II . As a result of change in useful life of the assets, depreciation has been provided in the following manner:
  - a. Written down value of the assets which have exceeded the revised useful life as per part C of Schedule II, as on 01<sup>st</sup> April 2014 has been entirely depreciated and adjusted from opening balance of retained earnings .
  - b. In the case of assets which have not exceeded the revised useful life as mentioned in Part C of Schedule II, the written down value of the asset is charged to revenue over the revised remaining useful life .
- C) Assets individually costing less than Rs. 5,000/- have been fully depreciated.

#### **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

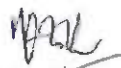
An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has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



E.Krithika  
Secretary



Takahiko Shibakawa  
Director

Place: Chennai

Date: April 28, 2015