

**CHOLAMANDALAM  
MS RISK  
SERVICES LIMITED**

**ANNUAL REPORT**

**2015 - 16**

**NOTICE TO SHAREHOLDERS**

**NOTICE** is hereby given that the Twenty First Annual General Meeting (AGM) of shareholders of Cholamandalam MS Risk Services Limited will be held at 1.15 pm on Tuesday, July 26, 2016, 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, 2016 and the Balance sheet as at that date and the Auditors' Report thereon.
2. To declare a dividend of Rs. 2/- per share at the rate of 20% on the equity share capital of the Company for the year ended March 31, 2016.
3. To appoint a Director in the place of Mr. S S Gopalarathnam (DIN: 02060399), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. Junichi Nakamura (DIN: 06636184) who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Brahmayya & Co., Chartered Accountants, bearing Registration No.000511S 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, 142 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. Brahmayya & Co., Chartered Accountants, bearing Registration No. 000511S, be and are hereby appointed as the statutory auditors from the conclusion of this Annual General Meeting till the conclusion of the twenty sixth Annual General Meeting (subject to ratification of the appointment by the 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/-) in connection with the audit, in addition to the service tax as applicable for FY 2016-17, as approved by Board of Directors.

**SPECIAL BUSINESS:**

**6. Appointment of Mr. L. Ramkumar 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. L. Ramkumar (DIN:00090089) be and is hereby appointed as Director of the Company liable to retire by rotation.

**7. Appointment of Mr. Tamaki Kawate 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  
F +91 (0)44 3044 5550

[www.cholarisk.com](http://www.cholarisk.com)

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 framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Tamaki Kawate (DIN: 07496365) be and is hereby appointed as Director of the Company liable to retire by rotation.

**Date: April 26, 2016**  
**Place: Chennai**

**By Order of the Board**  
  
**E. Krithika**  
**Company Secretary**

**NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE 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 NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. A PERSON CAN ACT AS PROXY ON BEHALF OF THE MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL PAID UP SHARE CAPITAL OF THE COMPANY. IN CASE A PROXY IS PROPOSED TO BE APPOINTED BY THE MEMBER HOLDING NOT MORE THAN TEN PERCENT OF THE TOTAL PAID UP SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, THEN SUCH PROXY SHALL NOT ACT AS PROXY FOR ANY OTHER MEMBER. Proxies submitted on behalf of limited companies, societies etc. must be supported by appropriate resolutions / authority, as applicable. A proxy holder needs to show his identity at the time of attending the meeting.
3. 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.
4. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of businesses set out in item no.3, 4, 5, 6 & 7 is annexed hereto.
5. Members are requested to intimate immediately any change in their address, if any, to the Registered Office of the Company.
6. 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.

**Date: April 26, 2016**  
**Place: Chennai**

**By Order of the Board**  
  
**E. Krithika**  
**Company Secretary**



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## **ANNEXURE TO THE NOTICE**

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

#### **Item no.3:**

Brief profile of Mr. S S Gopalarathnam:

Mr. S S Gopalarathnam, aged 57 years, is a commerce graduate and is a Member of Institute of Cost & Works Accountants of India. He has been the director of the Company since April 1, 2008.

Mr. Gopalarathnam has more than 37 years of rich experience in the businesses like cycles, strips & tubes and also in the functional areas of finance, business operations, corporate planning, etc.,. Mr. Gopalarathnam is the Managing Director of Cholamandalam MS General Insurance Company Limited.

He has attended all five Board meetings held during the financial year ended 31<sup>st</sup> March 2016 and does not hold any shares of the Company in his name.

#### ***Memorandum of Interest:***

Except Mr. S S Gopalarathnam, 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.4:**

Brief profile of Mr. Junichi Nakamura:

Mr. Junichi Nakamura was appointed as director on July 27, 2013. He is currently the Managing Director of InterRisk Asia (Thailand) Co., Ltd. Mr. Junichi Nakamura has attended four Board meetings held during the financial year ended 31<sup>st</sup> March 2016. He does not hold any shares of the Company in his name.

#### ***Memorandum of Interest:***

Except Mr. Junichi Nakamura, 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.5:**

At the 20<sup>th</sup> annual general meeting held on July 28, 2015, M/s. RGN Price & Co., Chartered Accountants, Chennai (Registration No. 002785S) were appointed as statutory auditors to hold office for a period of five years from the conclusion of twentieth annual general meeting (AGM) till the conclusion of twenty sixth annual general meeting subject



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to ratification of their appointment by shareholder at every AGM. M/s RGN Price & Co., has expressed their intention to retire at the ensuing annual general meeting.

The Board recommends the appointment of M/s Brahmayya & Co. (Registration No.000511S), Chartered Accountants, Chennai as the statutory auditors of the Company for a period of five years commencing from the conclusion of this annual general meeting till the conclusion of twenty sixth annual general meeting subject to ratification of the appointment by members at every annual general meeting. M/s Brahmayya & Co. have confirmed their eligibility under section 141 of the Companies Act, 2013 and the Rules framed there under.

None of the Directors, Key Managerial Persons or their relatives, in any way, concerned or interested in the said resolution.

**Item No.6:**

The Board at its meeting held on January 25, 2016 appointed Mr. L. Ramkumar as additional director pursuant to the provisions of section 161 of the Companies Act, 2013. As per the said provisions, Mr. L. Ramkumar will hold office upto the date of this annual general meeting.

As per Shareholders agreement, Mr. L. Ramkumar is a representative of Murugappa Group, 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. L. Ramkumar, as Director on the Board.

Brief profile of Mr. L. Ramkumar is furnished below.

The Board recommends the appointment of Mr. L. Ramkumar as director liable to retire by rotation to the members for approval.

***Profile of Mr. L. Ramkumar:***

Mr. L. Ramkumar holds Bachelor's degree in Commerce and an MBA from IIM-Ahmedabad and is also a qualified cost account. He has nearly 3 decades of rich experience in various facets of management. Over the last 15 years, he has been the CEO of businesses with diverse product portfolios such as Bicycles, Optical fibre, Cable, Belts and Oil seals.

Mr. L. Ramkumar has attended two meetings of the Board of Directors of the Company held during the financial year ended 31<sup>st</sup> March 2016 since his appointment. He is not related to any of the directors of the Company. He does not hold any shares of the Company in his name.

***Memorandum of Interest:***

Except Mr. L. Ramkumar, 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.7:**

The Board at its meeting held on April 26, 2016 appointed Mr. Tamaki Kawate as additional director pursuant to the provisions of section 161 of the Companies Act, 2013. As per the said provisions, Mr. Kawate will hold office upto the date of this annual general meeting.



As per Shareholders agreement, Mr. Tamaki Kawate 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. Kawate, as Director on the Board.

Brief Profile of Mr. Tamaki Kawate is furnished below.

The Board recommends the appointment of Mr. Tamaki Kawate as director liable to retire by rotation to the members for approval.

***Profile of Mr. Tamaki Kawate:***

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

***Memorandum of Interest:***

Except Mr. Tamaki Kawate, 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.

**Date: April 26, 2016**  
**Place: Chennai**

**By Order of the Board**



**E. Krithika**  
**Company Secretary**

**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 21<sup>st</sup> Annual General Meeting of the Company being held on Tuesday, July 26, 2016 at 1.15 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 21<sup>st</sup> Annual General Meeting of the Company, to be held on Tuesday, July 26, 2016 at 1.15 p.m. 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, 2016, 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/- per share at the rate of 20% on the equity share capital of the Company for the year ended March 31, 2016.
3. To appoint a Director in the place of Mr. S S Gopalarathnam (DIN: 02060399), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. Junichi Nakamura (DIN: 06636184) who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Brahmayya & Co., Chartered Accountants, bearing Registration No. 000511S as statutory auditors of the Company.
6. To appoint Mr. L. Ramkumar as Director, liable to retire by rotation.
7. To appoint Mr. Tamaki Kawate as Director, liable to retire by rotation.

Signed: this \_\_\_\_\_ day of \_\_\_\_\_ 2016

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**

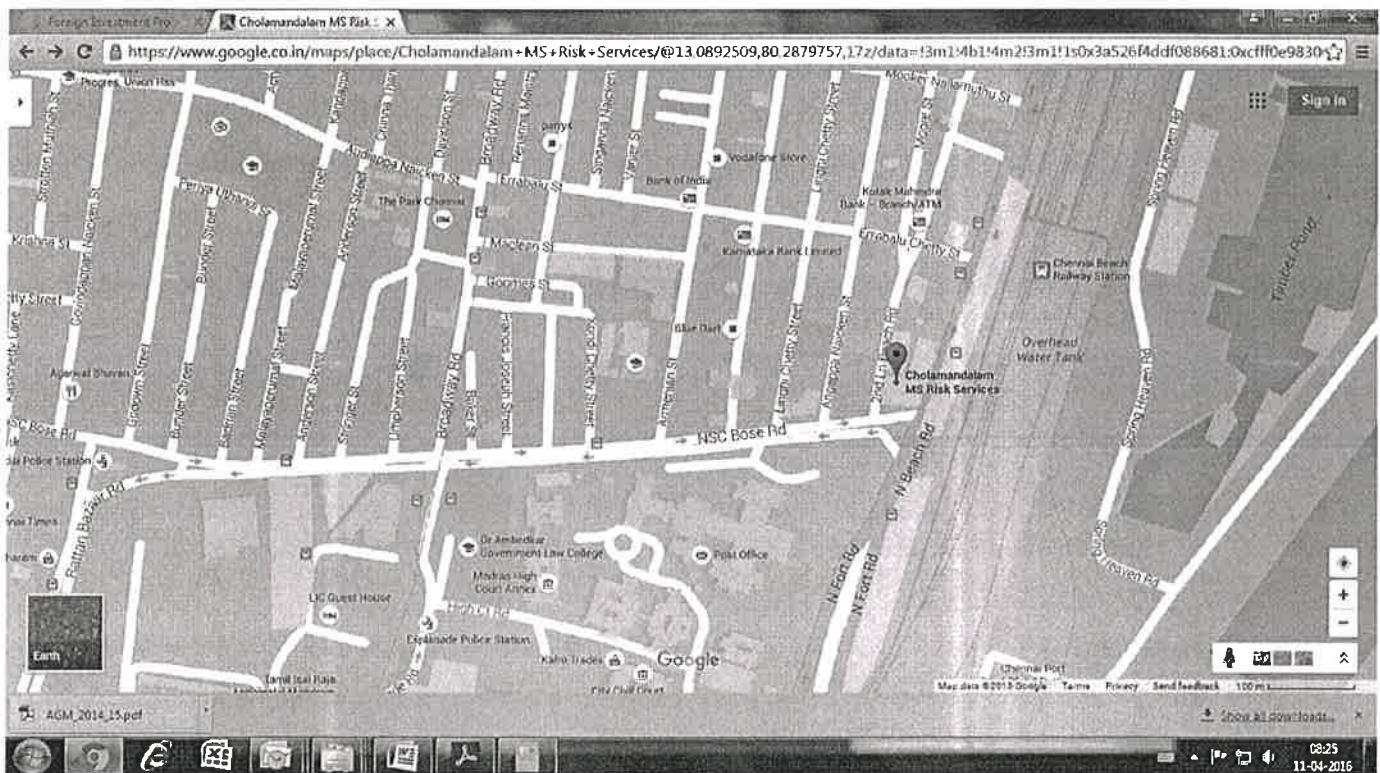
**ROUTE MAP ALONGWITH PROMINENT LANDMARK**

**Day:** Tuesday

**Date:** 26.07.2016

**Time:** 01.15 P.M.

**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 first annual report together with the audited financial statements of the Company for the year ended March 31, 2016.

### FINANCIAL HIGHLIGHTS

(Rs. in million)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Income	324.20	353.29
Expenses	295.91	332.93
<b>Profit Before Tax</b>	<b>28.29</b>	<b>20.36</b>
Profit After Tax	19.89	13.74
Add: Balance b/f from Previous Year	14.53	14.59
<b>Total</b>	<b>34.42</b>	<b>28.33</b>
Dividend-Equity	4.00	3.00
Tax on Dividend	0.81	0.61
Depreciation on transition to Schedule II of the Companies Act, 2013	-	0.18
Transfer to General Reserve	10.00	10.00
Profit carried to Balance Sheet	19.61	14.53

### OPERATIONS

During the year, the Company registered revenue of Rs. 324.20 million and profit before tax at Rs. 28.28 million as against Rs. 20.36 million in the previous year.

The Company has strengthened its consultancy portfolio with the launch of new services viz., Escape, Evacuation and Rescue Analysis, acquired capabilities to conduct EERA\FMECA Services, Reliability-Availability & Maintainability (RAM) study, SODAR, Waste management capabilities & Social Impact Assessment \ Solid waste management. The Company has further conducted various public training programs including webinars. During the year under review, the Company amplified its clientele with 121 new clients across the country.

The Company continues to support Cholamandalam 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 400 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 to 144 as at March 31, 2016 comprising 84 engineers and 60 consultants.

During the year under review, industry/segment specific programs were organized and the Company also actively participated in several events. Further, the Company continued its association with IIT Madras for facilitating a course in Process Safety for B.Tech Students.

The association with Strategic Alliance Partners i.e ARCADIS and Inogen Global Alliance strengthened during the year. The Company also engaged BP Consultancy as local agent in Kuwait and set up a local office 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 final dividend of Rs.2/- per equity share of Rs.10/-each (previous year – Rs. 1.50/-).

#### **TRANSFER TO RESERVES**

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

#### **OUTLOOK 2016-17**

The Company has recorded highest ever Order book of Rs. 508.9 million in the year and carry forward of Rs. 511 million for FY'16-17. Keeping in view of this high value Order book, technical association entered with two global players and the increasing business client in Kuwait & Middle East market, 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**

During the year, Mr. Maki Kumagai was appointed as director at the twentieth annual general meeting.

The Board of Directors at their meeting held on January 25, 2016 appointed Mr. L Ramkumar as additional director.

The nomination of Mr. Maki Kumagai was withdrawn by Mitsui Sumitomo Insurance Company Limited and Mr. Kumagai resigned from the Board with effect from April 26, 2016. Mr. Tamaki Kawate was appointed as additional director with effect from April 26, 2016.

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

The Board places on record its appreciation for contribution made by Mr. Kumagai during his tenure of office.

The Board of directors recommend the appointment of Mr. Ramkumar and Mr. Kawate to the general body.

During the year under review, Mr. S S Gopalarathnam and Mr. Junichi Nakamura retire by rotation at the forthcoming annual general meeting and being eligible offer themselves 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 28, 2015, July 28, 2015, October 27, 2015, January 25, 2016 and March 25, 2016. The intervening gap between meetings did not exceed 120 days.

## **STATUTORY AUDITORS**

The shareholders at the 20<sup>th</sup> Annual General Meeting held on July 28, 2015, had appointed M/s RGN Price & Co., Chartered Accountants, (Regn No. 002785S) 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 the appointment by members every year. M/s RGN Price & Co., has expressed their intention to retire at the ensuing annual general meeting.

Your directors recommend the appointment of M/s Brahmayya & Co., Chartered Accountants, for a period of five years commencing from the conclusion of twenty first annual general meeting till the conclusion of twenty sixth annual general meeting subject to ratification of the appointment by members at every annual general meeting. M/s Brahmayya & Co. 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, 2016, 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, 2016 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 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, 2016 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, 2016 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. 76.1 million and Rs. 21.6 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 26, 2016  
Chennai**

**Form No. MGT-9****EXTRACT OF ANNUAL RETURN  
as on the financial year ended on March 31, 2016**

[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
			NIL	

<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)									
<b>C. Shares held by Custodian for GDRs ADRs</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Grand Total (A+B+C)</b>	-	2000000	2000000	100		2000000	2000000	100	-



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
1	Tube Investments of	989979	49.5	989979	49.5
2	Chola Insurance Services Pvt	2	-	2	-
3	Ambadi Investment Pvt	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	50.0	1000000	50.0

<b>Change in Indebtedness during the financial year</b>				
- Addition	600.00			600.00
- Reduction	692.70			692.70
<b>Net Change</b>	(92.70)			(92.70)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	500.00			500.00
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	500.00			500.00

## 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
	<b>Total (A)</b>	NIL
	Ceiling as per the Act	Not Applicable

**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)
<b>A. COMPANY</b>					
Penalty	None				
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty	None				
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	None				
Punishment					
Compounding					

**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 31,2016**

Name	Age	Designation/ Nature of Business	Gross Remunera tion	Qualification/ Experience	Date of Commencem ent of Employment	Last Employment Designati on	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	54	Chief Executive	9572395	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.

26<sup>th</sup> April, 2016

**INDEPENDENT AUDITOR'S REPORT**

**To the members of M/s. Cholamandalam MS Risk Services Limited**

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **M/s. Cholamandalam MS Risk Services Limited** ("the Company"), which comprises the Balance Sheet as at 31<sup>st</sup> March, 2016, 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 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 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 there under.



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 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:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and
- (ii) In the case of Statement of Profit and Loss, of the profit for year ended on that date, and
- (iii) In the case of Cash Flow Statement, of the 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, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure A, 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) 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.
- (d) 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, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (e) 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".
- (f) 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 no pending litigations impacting its financial position in its financial statements.
  - ii. The Company does not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

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

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

**Annexure A referred to in Paragraph of Report on Other Legal and Regulatory Requirements of our report of even date on the Accounts of M/s. Cholamandalam MS Risk Services Limited, for the year ended 31<sup>st</sup> March 2016.**

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The fixed assets have been physically verified by the Management at reasonable intervals and there is no material discrepancies noticed on such verification.
- (c) The Company owns no immovable properties.
- (ii) The nature of the business of the Company does not require it to hold any inventory and hence clauses relating to inventories 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) The company has not granted any loans, investments, guarantees or security transactions which contravene Section 185 & 186 of Companies Act, 2013.
- (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 has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act 2013.
- (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, employees' state insurance, 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 2016 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 are no dues of Provident Fund, Income tax, service tax and or any other statutory dues, cess which have not been deposited on account of dispute.
- (viii) The Company has not defaulted in repayment of its borrowings to the Bank.
- (ix) The Company has not made any Public Offer for subscription nor has taken any term loans during the period.
- (x) 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.
- (xi) The managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company and hence the provisions are not applicable.
- (xiii) All transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully convertible or partly convertible debentures during the year under review.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them contravening Section 192 of Companies Act, 2013.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

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

**Annexure B referred to in Clause (h) of Paragraph of Report on Other Legal and Regulatory Requirements of our report of even date on the Accounts of M/s. Cholamandalam MS Risk Services Limited for the year ended 31<sup>st</sup> March 2016.**

We have audited the internal financial controls over financial reporting of M/s. Cholamandalam MS Risk Services Limited ('the Company') as of March 31, 2016 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. 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.

**Auditor's 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 and the Standards of Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified 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**

According to the information and explanations given to us and based on our audit, the Company has, in all material respects, an adequate internal financial control over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2016 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 of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Cholamandalam MS Risk Services Limited  
Balance Sheet as at Mar 31,2016

	Particulars	Note No.	As at March 31,2016	As at March 31,2015
			Rs.	Rs.
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>Shareholders' funds</b>			
	Share capital	1	20,000,000	20,000,000
	Reserves and surplus	2	119,609,634	104,534,957
			<b>139,609,634</b>	<b>124,534,957</b>
	<b>Non-current liabilities</b>			
	Long-term borrowings		-	-
	Deferred tax liabilities (Net)		-	-
	Other Long term liabilities		-	-
	Long-term provisions	3	5,634,202	4,357,021
			<b>5,634,202</b>	<b>4,357,021</b>
	<b>Current liabilities</b>			
	Short-term borrowings	4	50,000,000	59,270,001
	Trade payables	5	39,735,997	13,454,192
	Other current liabilities	6	13,801,798	7,122,924
	Short-term provisions	7	29,195,855	25,968,561
			<b>132,733,650</b>	<b>105,815,678</b>
	<b>TOTAL</b>		<b>277,977,486</b>	<b>234,707,656</b>
<b>II.</b>	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	<b>Fixed assets</b>			
	Tangible assets	8	6,530,411	8,316,717
	Intangible assets	8	3,532,519	1,929,140
	Capital work-in-progress		-	-
	Intangible assets under development		-	-
	<b>Non-current investments</b>	9	-	-
	Deferred tax assets (net)	10	12,353,452	7,442,408
	Long-term loans and advances	11	1,060,890	1,154,099
	Other non-current assets	12	21,429,729	13,800,000
			<b>44,907,001</b>	<b>32,642,364</b>
	<b>Current assets</b>			
	Current investments		-	-
	Inventories		-	-
	Trade receivables	13	115,932,180	87,670,274
	Cash and Bank Balances	14	19,992,647	29,503,388
	Short-term loans and advances	15	97,145,658	84,891,630
	Other current assets		-	-
			<b>233,070,485</b>	<b>202,065,292</b>
	<b>TOTAL</b>		<b>277,977,486</b>	<b>234,707,656</b>

Summary of Significant Accounting Policies

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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. Venkatakrisnan  
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 26, 2016

*Handwritten signature*

**Cholamandalam MS Risk Services Limited**  
**Statement of Profit and loss for the year ended Mar 31,2016**

	Particulars	Note No.	For the Year Ended	For the Year Ended
			March 31,2016	March 31,2015
			Rs.	Rs.
I.	Revenue from operations	16	313,436,045	338,373,783
II.	Other income	17	10,766,383	14,920,694
III.	<b>Total Revenue (I + II)</b>		<b>324,202,428</b>	<b>353,294,477</b>
IV.	<b>Expenses:</b>			
	Employee benefits expense	18	94,461,857	96,909,283
	Finance costs	19	3,602,975	8,426,820
	Depreciation and amortization expense	8	4,723,018	5,274,944
	Other expenses	20	193,128,079	222,314,691
	<b>Total expenses</b>		<b>295,915,929</b>	<b>332,925,738</b>
V.	Profit before exceptional and extraordinary items and tax (III-IV)		<b>28,286,499</b>	<b>20,368,739</b>
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		<b>28,286,499</b>	<b>20,368,739</b>
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII- VIII)		<b>28,286,499</b>	<b>20,368,739</b>
X	Tax expense:			
	(1) Current tax		14,392,550	7,940,050
	(2) Tax - Earlier years		(1,084,128)	-
	(3) Deferred tax (Net)	10	(4,911,000)	(1,315,175)
XI	<b>Profit for the period from continuing operations (IX-X)</b>		<b>19,889,077</b>	<b>13,743,864</b>
XII	Profit from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	<b>Profit from Discontinuing operations (after tax) (XII-XIII)</b>		-	-
XV	<b>Profit for the period (XI + XIV)</b>		<b>19,889,077</b>	<b>13,743,864</b>
XVI	Earnings per equity share: (in Rs.)			
	(1) Basic & Diluted	21	9.94	6.87

**Summary of Significant Accounting Policies**


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

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

K. Venkatakrisnan  
Partner  
Membership No.208591



  
N. Srinivasan  
Director

  
E. Krithika  
Secretary

  
S S Gopalarathnam  
Director

  
Takahiko Shibakawa  
Director

Place: Chennai  
Date: April 26, 2016



Cholamandalam MS Risk Services Limited  
Statement of Cash Flow for the year ended March 31, 2016

Particulars	For the Year Ended	For the Year Ended
	March 31, 2016	March 31, 2015
	Rs.	Rs.
<b>A. Cash Flow from Operating Activities</b>		
<b>Profit before Taxation</b>	<b>28,286,499</b>	<b>20,368,739</b>
Non-cash adjustments and Non-Operating Items :		
Bad Debts Written Off	4,000,000	-
Provision for Bad & Doubtful debts	19,581,029	9,704,366
Depreciation and Amortisation	4,723,018	5,274,944
Provision no longer required written back	(6,706,182)	(10,321,541)
Income from Investments	(3,230,610)	(3,995,770)
Profit on Sale of Investment	(34,865)	(92,382)
(Profit)/Loss on Sale of Fixed Asset	-	(62,198)
Finance Cost - Interest Paid	3,602,975	8,426,820
<b>Operating Profit before working capital changes</b>	<b>50,221,864</b>	<b>29,302,978</b>
<b>Changes in Working Capital :</b>		
Increase/(Decrease) in Long term Provisions	1,277,181	2,170,193
Increase/(Decrease) in Short term Provisions	(11,281,288)	4,651,896
Increase/(Decrease) in Trade Payables	26,281,805	8,426,632
Increase/(Decrease) in Other Current Liabilities	6,678,874	(1,496,295)
(Increase)/Decrease in Trade Receivables	(44,736,753)	1,025,930
(Increase)/Decrease in Short term Loans & Advances	(12,254,134)	34,735,448
(Increase)/Decrease in Long term Loans & Advances	(306,791)	(437,700)
<b>Total Changes in Working Capital</b>	<b>(34,341,106)</b>	<b>49,076,104</b>
<b>Cash Generated from Operations</b>	<b>15,880,757</b>	<b>78,379,082</b>
Less : Taxes Paid	-	-
<b>Net cash generated from operating activities</b>	<b>15,880,757</b>	<b>78,379,082</b>
<b>B. Cash flow from Investing Activities</b>		
Proceeds from sale of Fixed Assets	-	62,200
Purchase of Fixed Assets	(4,540,091)	(6,101,376)
Purchase of Current Investment	(2,000,000)	(18,200,005)
Proceeds from sale of Current Investment	2,034,865	20,517,840
<b>Fixed Deposit</b>		
Placed	(21,429,665)	(34,709,494)
Maturity	13,800,000	64,409,494
Income from Interest on Fixed Deposits	3,230,610	3,807,686
<b>Net Cash flow from Investing Activities</b>	<b>(8,904,281)</b>	<b>29,786,345</b>
<b>C. Cash flow from Financing Activities</b>		
Dividends Paid	(3,000,000)	(5,000,000)
Dividend Distribution Tax	(614,240)	(849,750)
Proceeds from Short term borrowings	60,000,000	84,270,000
Repayment of Short term borrowings	(69,270,002)	(150,000,000)
Finance Cost - Interest paid during the year	(3,602,975)	(8,426,820)
<b>Net Cash flow (used)/ from Financing Activities</b>	<b>(16,487,217)</b>	<b>(80,006,570)</b>
<b>Net Increase/Decrease in Cash and Cash equivalents</b>	<b>(9,510,741)</b>	<b>28,158,857</b>
Cash and Cash equivalents at the beginning of the year	29,503,388	1,344,531
Cash and Cash equivalents at the end of the year	19,992,647	29,503,388
<b>Components of Cash &amp; Cash equivalents</b>		
Cash on hand	-	-
with bank - On Current account	1,721,647	(916,261)
- On Deposits account	18,271,000	30,419,649
<b>Total Cash &amp; Cash equivalents</b>	<b>19,992,647</b>	<b>29,503,388</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.002785S

K Venkatakrishnan  
Partner  
Membership No.208591

Place : Chennai  
Date : April 26, 2016



*N. Srinivasan*  
N. Srinivasan  
Director

*S S Gopalathnam*  
S S Gopalathnam  
Director

*E. Krithika*  
E. Krithika  
Secretary

*Takahiko Shibakawa*  
Takahiko Shibakawa  
Director

**Cholamandalam MS Risk Services Limited**  
**Notes forming part of accounts for the year ended March 31, 2016**

**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)

**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)

**Reconciliation of number of shares outstanding**  
**Equity shares**

No of shares outstanding at the beginning of the year  
 Less : Shares bought back during the year

No of shares outstanding at the end of the year

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
	20,000,000	20,000,000
	20,000,000	20,000,000
<b>No of Shares</b>		
	2,000,000	2,000,000
	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 2016, the dividend per share recognised as distributions to equity shareholders is Rs 2/- per equity share (Previous year : Rs.1.50/- 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**

Tube Investments of India Ltd  
 Mitsui Sumitomo Insurance Company Limited

As at Mar 31, 2016		As at March 31, 2015	
No of shares	% of holding	No of shares	% of holding
989,979	49.5%	989,979	49.5%
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.

**Note 2**

**Reserves and surplus**

**General Reserve**

Balance as per last financial statements  
 Add: Transfer from Statement of Profit and Loss  
**Closing balance**

**Surplus in the Statement of Profit and Loss Account**

Balance as per last financial statements  
 Add: Profit for the period  
 Less : Proposed dividend @ 2.0 per share (Previous year @ Rs.1.5 per share) (Incl. dividend distribution tax)  
 Less: Transferred to General reserve  
 Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on fixed assets with nil remaining useful life  
**Net Surplus in the Statement of Profit and Loss**

**Total Reserves and surplus**

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
	90,000,000	80,000,000
	10,000,000	10,000,000
	100,000,000	90,000,000
	14,534,957	14,585,525
	19,889,077	13,743,864
	4,814,400	3,614,240
	10,000,000	10,000,000
	-	180,192
	19,609,634	14,534,957
	119,609,634	104,534,957

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
<b>Note 3</b>		
<b>Long term provisions</b>		
Provision for employee benefits		
Provision for gratuity	1,050,000	483,606
Provision for Leave encashment	4,584,202	3,873,415
	<b>5,634,202</b>	<b>4,357,021</b>
Provision for long term compensated absence has been broken into current & non-current based on the information provided by the actuary. (Refer Note No.26)		
<b>Note 4</b>		
<b>Short term Borrowings - Secured</b>		
<b>(a) Loans repayable on demand</b>		
From Banks	50,000,000	59,270,001
	<b>50,000,000</b>	<b>59,270,001</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	39,735,997	13,454,192
	<b>39,735,997</b>	<b>13,454,192</b>
Dues to Micro, Small and Medium enterprises (Refer Note 28)		
<b>Note 6</b>		
<b>Other current liabilities</b>		
Advance from customers	238,912	-
Expenses payable	10,609,295	4,802,150
Employee related payables	791,986	123,210
Statutory related payables	2,161,605	2,197,564
	<b>13,801,798</b>	<b>7,122,924</b>
Dues to Micro, Small and Medium enterprises (Refer note no.28)		
<b>Note 7</b>		
<b>Short term provisions</b>		
Provision for employee benefits		
Provision for Incentive	6,676,299	11,226,299
Provision for Leave encashment	3,312,606	3,187,972
Provision for proposed dividend (Incl dividend tax)	4,814,400	3,614,240
Provision for Taxation	14,392,550	7,940,050
	<b>29,195,855</b>	<b>25,968,561</b>
Provision for long term compensated absence has been broken into current & non-current based on the information provided by the actuary. (Refer Note No.26)		





	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
<b>Note 9</b>		
<b>Non current Investments</b>		
Trade Investments	-	-
Other Investments	-	-
	-	-
<b>Note 10</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.		
Net amount debited to Profit and loss on account of deferred tax	4,911,000.00	1,315,175
<u>Components of deferred tax:</u>		
<b>Liability</b>		
On account of timing differences relating to WDV of fixed assets	(86,227)	(316,456)
Others	-	-
	(86,227)	(316,456)
<b>Asset</b>		
Provisions for employee benefits	2,610,922	2,291,067
Provisions for Doubtful Debts	9,828,757	5,467,797
	12,439,679	7,758,864
<b>Deferred tax Asset (net)</b>	12,353,452	7,442,408
<b>Note 11</b>		
<b>Long term loans and advances</b>		
<b>Unsecured &amp; considered good</b>		
Security deposits	961,961	1,055,170
Rent deposits	98,929	98,929
<b>Unsecured &amp; considered doubtful</b>		
Security Deposit - Doubtful	400,000	-
Less : Provision for Security Deposit	400,000	-
	1,060,890	1,154,099
<b>Note 12</b>		
<b>Other non-current assets</b>		
Investment in Fixed Deposits		
Fixed Deposits with original maturity for more than 12 months *	21,429,729	13,800,000
* Fixed Deposits of Rs.214.29 Lakhs has been placed on lien with Banks (Previous year Rs.54.00 lakhs)	21,429,729	13,800,000

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
<b>Note 13</b>		
<b>Trade receivables</b>		
<b><u>Trade Receivables Outstanding for a Period Exceeding Six Months</u></b>		
Unsecured, considered good	13,874,990	18,563,563
Doubtful	29,237,874	16,763,027
Less: Provision for doubtful debts	29,237,874	16,763,027
<b><u>Other Trade Receivables</u></b>		
Unsecured, considered good	102,057,190	69,106,711
Doubtful		
Less: Provision for doubtful debts		
	<b>115,932,180</b>	<b>87,670,274</b>
<b>Note 14</b>		
<b>Cash and bank balances</b>		
Balance with banks		
On current accounts	1,721,647	(916,261)
Fixed Deposits with original maturity for less than 12 months *	18,271,000	30,419,649
* Out of the Fixed Deposits, Rs.17.71 Lakhs has been placed on lien with Banks (Previous year Rs.204.20 lakhs)		
	<b>19,992,647</b>	<b>29,503,388</b>
<b>Note 15</b>		
<b>Short term loans and advances</b>		
<b>Unsecured and considered good</b>		
Employee related advances	205,401	374,005
Other advances	2,315,996	441,891
Earnest Money Deposit	1,684,791	466,849
Interest accrued on Investments	392,103	633,054
Prepaid expenses	43,877,155	44,608,458
Advance tax / TDS	47,009,708	38,367,373
Service tax credit	1,660,504	-
<b>Unsecured and considered Doubtful</b>		
Earnest Money Deposit - Doubtful	89,486	89,486
Less : Provision for doubtful loans and advances	89,486	89,486
	<b>97,145,658</b>	<b>84,891,630</b>

	For the Year Ended March 31, 2016 Rs.	For the Year Ended March 31, 2015 Rs.
<b>Note 16</b>		
<b>Revenue from operations</b>		
Fee Income from Services		
Overseas	76,109,425	29,763,406
Domestic	236,036,423	308,178,228
Other Operating Income - Training Services	1,290,197	432,149
	<b>313,436,045</b>	<b>338,373,783</b>
<b>Note 17</b>		
<b>Other income</b>		
Foreign Exchange Gain (Net)	794,726	410,969
<b>Interest income :</b>		
Bank fixed deposits	3,230,610	3,995,770
<b>Investment income:</b>		
Profit on sale of Investment on Mutual Fund	34,865	92,382
Provision no longer required written back	6,706,182	10,321,541
Profit on sale of fixed assets	-	62,198
Miscellaneous Income	-	37,834
	<b>10,766,383</b>	<b>14,920,694</b>
<b>Note 18</b>		
<b>Employee benefits expense</b>		
<b>Operating expenses</b>		
Salaries	81,956,699	83,609,523
Contribution to provident fund	3,824,315	3,522,296
Gratuity & long term compensated absence (Refer note 26)	2,420,134	3,133,661
Staff welfare	6,260,709	6,643,803
	<b>94,461,857</b>	<b>96,909,283</b>
<b>Note 19</b>		
<b>Finance Costs</b>		
Interest Cost	3,602,975	8,426,820
	<b>3,602,975</b>	<b>8,426,820</b>

	For the Year Ended March 31, 2016 Rs.	For the Year Ended March 31, 2015 Rs.
<b>Note 20</b>		
<b>Other expenses</b>		
<b>Operating expenses</b>		
Recruitment Expenses	288,263	881,387
Travelling & conveyance	30,851,608	24,209,639
Communication	905,779	963,455
Consultants Outsourcing fees	54,737,794	39,804,211
Less : Reimbursement of Expenses	(2,925,645)	(5,885,620)
	<b>83,857,799</b>	<b>59,973,072</b>
<b>Selling &amp; marketing costs</b>		
Business promotion & referral charges	64,248,565	131,488,272
	<b>64,248,565</b>	<b>131,488,272</b>
<b>General &amp; administration expenses</b>		
Power	1,459,968	1,471,412
Rent	9,099,008	9,116,328
Rates & taxes	392,041	55,739
Repairs & maintenance	3,455,663	2,477,508
Printing & stationery	1,666,672	1,924,750
Postage Expenses	336,134	167,723
Sitting fees	285,000	295,000
Insurance	386,580	412,585
Bank Charges	535,267	1,444,347
IT Expenses	1,548,362	1,653,350
Provision for bad & doubtful debts	19,181,029	9,704,366
Provision for doubtful loans and advances	400,000	-
Bad debts written off	4,000,000	-
Auditor's remuneration (Details given below)	452,597	415,070
Tender Fees	88,084	258,073
Training Expenses	1,039,613	127,366
Campaign, Exhibition & Accreditation Expenses	235,941	876,084
Miscellaneous expenses	459,756	453,647
	<b>45,021,715</b>	<b>30,853,347</b>
<b>Total other expenses</b>	<b>193,128,079</b>	<b>222,314,691</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	64,175	44,554
<b>In other capacity</b>		
Other services	44,000	4,000
Reimbursement of expenses	3,597	6,070
<b>Note 21</b>		
<b>Earnings per share</b>		
Net profit after taxes	19,889,077	13,743,864
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	9.94	6.87
Earnings per share - Diluted	9.94	6.87
<b>Note 22</b>		
<b>Contingent liabilities and commitments</b>		
<b>Contingent liabilities:</b>		
Income tax	-	574,000
The company had appeals pending before the Commissioner of Income Tax (Appeals) under Income Tax Act 1961. The appeal is awarded in favour of the Company.		

**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 – Rs76,109,425. (Previous year – Rs.29,763,406)

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

Nature of Expenditure	2015 – 2016 (Rs.)	2014-2015 (Rs.)
Foreign Travel	8,484,728	3,719,291
Capital Goods	437,876	589,722
Others	12,667,226	909,229
<b>Total</b>	<b>21,589,830</b>	<b>5,218,242</b>

**Note - 26****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	2015-2016 (Rs.)	2014-2015 (Rs.)
Employer Contribution to the Provident Fund	3,571,439	3,235,842
Employer Contribution to the Superannuation Fund	1,069,737	928,750

**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	2015-2016 (Rs.)	2014-2015 (Rs.)
Opening Balance	7,06,1387	4,632,795
Closing Balance	7,896,808	7,061,387
Debited to Profit & Loss A/c (Net of Payments)	835,421	2,428,592

### 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 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 2015-2016 (Rs.)</b>	<b>Gratuity 2014-2015 (Rs.)</b>
Defined Benefit Obligation at the beginning of the year	3,099,211	2,575,018
Current Service Cost	836,265	722,352
Interest Cost	238,130	223,989
Actuarial (gain)/loss	199,783	-249,447
Benefit paid	245,161	172,897
Defined Benefit obligation at year end	4,128,228	3,099,211
<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	2,643,647	1,722,021
Expected return on plan assets	259,710	195,143
Actuarial (gain)/loss	35,000	-18,145
Employer contribution	483,606	881,639
Benefits Paid	245,161	172,897
Fair value of Plan assets at Year end	3,106,802	2,643,647
<b>c) Reconciliation of Fair value of Plan assets and Obligations</b>		
Fair value of Plan assets as at 31 <sup>st</sup> March 2016	4,128,228	2,644,051
Present value of Obligation as at 31 <sup>st</sup> March 2016	3,106,802	3,099,015
Asset/Liability	-1,021,426	-454,964
<b>d) Expenses recognized during the year</b>		
Current Service Cost	836,265	722,352
Interest Cost	238,130	223,989
Expected return on Plan assets	-259,710	195,143
Net Actuarial (Gain)/ loss	199,783	-267,592
Net Cost	1,049,468	483,606
<b>e) Actuarial assumption /Mortality table (L.I.C)</b>		
Discount rate Per annum	7.75%	8.00%
Expected rate of return on plan assets Per annum	8.50%	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





<b>Transactions</b>	<b>Related Party</b>	<b>2015-2016 (Rs.)</b>	<b>2014-2015 (Rs.)</b>
Rendering of Services (Income)	A) Cholamandalam MS General Insurance Ltd	92,278,725	166,863,629
	B) Tube Investments of India Ltd	302,000	733,321
Availment of Services (Expense)	A) Cholamandalam MS General Insurance Ltd	7,142,822	5,864,344
	B) Cholamandalam Investment and Finance Company Limited	34,820	13,500
Sitting Fees	A) Mitsui Sumitomo Insurance Company Limited	210,000	170,000
Dividend Paid	A) Tube Investments of India Ltd	1,484,969	2,474,948
	B) Mitsui Sumitomo Insurance Company Ltd	1,500,000	2,500,000
Recovery of expenses	A) Cholamandalam MS General Insurance Ltd	578,660	2,147,044
Receivables / Payables	A) Cholamandalam MS General Insurance Ltd	23,320,036(Cr)	11,145,603(Cr)
	B) Cholamandalam Investment and Finance Company Limited	14,868 (Dr)	14,868(Dr)

## 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> 2016.

## 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. 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.

#### **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

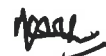
An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has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

## IX. Provisions, Contingent Liabilities & Contingent Assets

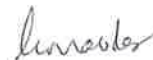
Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets 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



E.Krithika  
Secretary



Takahiko Shibakawa  
Director

Place: Chennai  
Date: April 26, 2016

