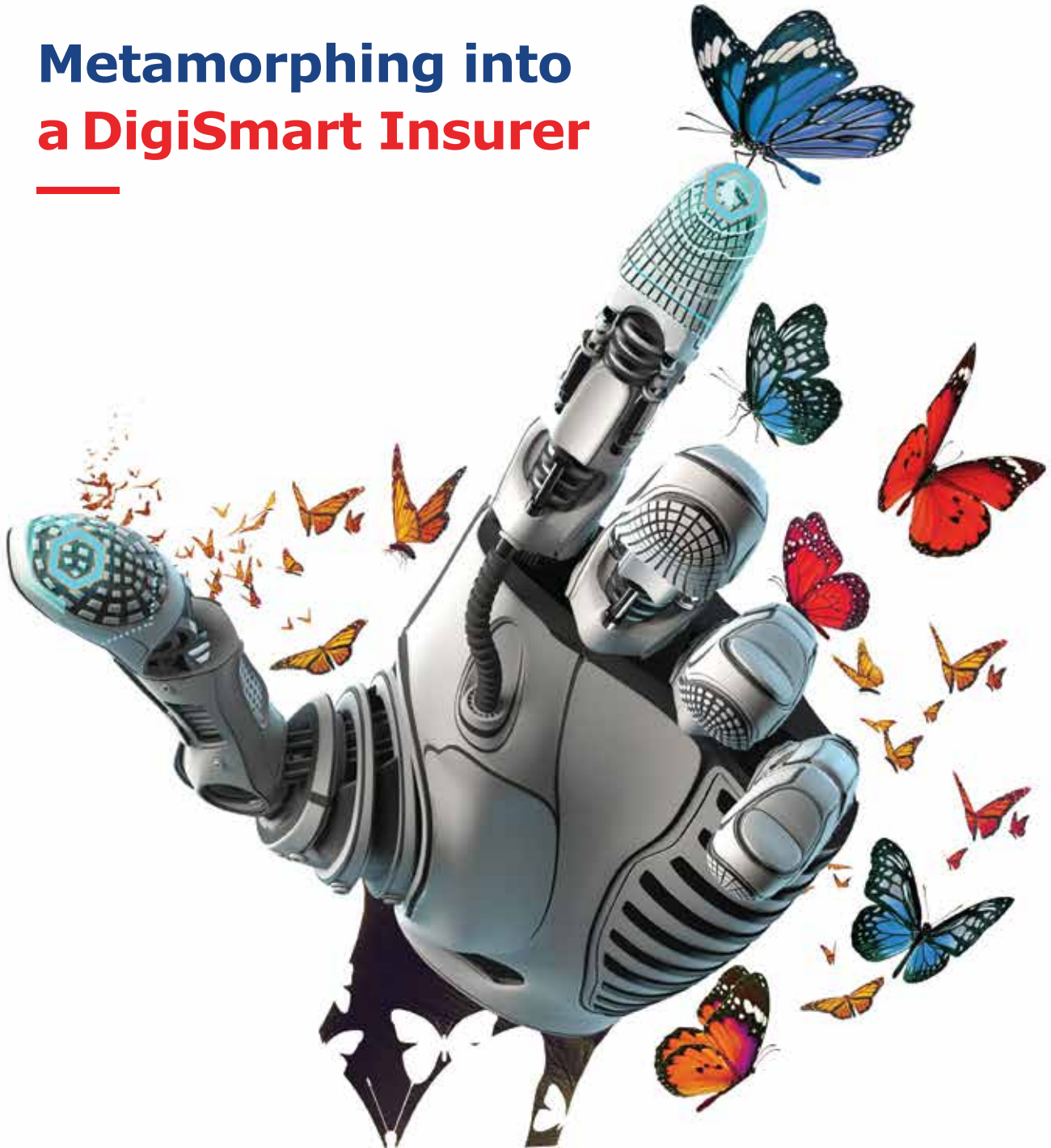


Metamorphosing into a DigiSmart Insurer



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CAUTIONARY STATEMENT

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

WITH YOU WHEN YOU NEED US THE MOST

Using a bionic hand surrounded by beautiful butterflies is symbolic of the business vision to transform to meet a digital future.

Metamorphosing as a phenomenon is denoted by the juxtaposition of a human hand that has morphed into a bionic form and the butterfly, the symbol of change and positivity. The upward tilt of the hand denotes growth, pointing to a positive future.



FROM THE CHAIRMAN'S DESK

DEAR SHAREHOLDER,

The Financial Year (FY 2018-19) started off well with strong Gross Domestic Product on the back of domestic resilience. The second half, however, was marked by stress in financial system, rising global volatility, crude oil prices and slowdown in automobile sector. The growth is estimated to remain upward of 7% for the coming year in view of the Indian economy remaining one of the fastest growing economy coupled with strong macro-economic fundamentals, stable currency, range-bound oil prices, Indian Bankruptcy Code in place, announcement of large recapitalization package to public sector banks (PSB's). During the year, General Insurance industry grew by 13% over the previous year with the share of public sector companies accounting to 46% and the share of private insurance companies being 54%. The general insurance penetration being around 0.93% of the GDP, provides enormous opportunity for further growth.

During the year under review, Insurance Regulatory and Development Authority of India (IRDAI), based on Supreme Court judgement has mandated three and five years Long term third party covers for new cars and two-wheelers respectively. Further, the regulator has mandated Rs.1.50 million Compulsory Personal Accident (CPA) cover for owner-driver. Government of India launched Ayushman Bharat - National Health Protection Scheme, which covers over 100 million lesser privileged families (approximately 500 million beneficiaries) providing coverage up to Rs.0.5 million per family per year for secondary and tertiary care hospitalization.

For the year under review, non-life insurance (excluding Standalone Health & Specialized insurers) industry's Gross Written Premium (GWP) touched Rs.1,501 Billion mark. India's projected economic growth coupled with current low insurance penetration will sustain double digit growth for the insurance industry for the coming years. The Pradhan Mantri Fasal Bima Yojana (PMFBY), through the introduction of crop insurance schemes, have given an up-lift to the insurance sector.

Amidst all these developments, the Company grew by 7.90% over the previous year and has increased its market share to 2.90%. The Company has also been able to renew/secure corporate agency linkages with Banks/NBFCs and our established capability to leverage these relationships across channels has yielded good results.

The Company's focus on digitization aided our channel partners to issue policies at the point of sale after integration of their systems with ours. The ongoing digital transformation has enabled our various stakeholders, viz. agents and customers, bancassurance partners, surveyors etc, experience the ease of doing business with us in addition to the reduction of Turn Around Time (TAT) of various processes.

The long pending Motor Vehicles Amendment bill if passed, will be beneficial for the industry and common persons, in view of its far reaching implications. The Company is fully



geared up for embracing the new Motor Vehicle Amendment bill as and when implemented.

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

The members of the Board continue to be a great source of encouragement and support to the Company's management team and personally, to me. I thank them for their involvement and participation. The term of two of our Directors - Mr. Tamaki Kawate and Mr. Takahiko Shibakawa came to an end on March 31, 2019. The Board is thankful to them for their contribution to the growth of Chola MS during their tenure. Mr. Sridharan Rangarajan, Mr. Hideo Yoshida and Mr. Takashi Kishi were inducted to the Board during the year. I take this opportunity to welcome all the three newly inducted Directors.

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

My appreciation and best wishes to Mr. S S Gopalathnam, our Managing Director, the Senior Leadership and the entire team of Chola MS for putting in a creditable performance, in a rather challenging year.

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

Warm Regards,
M M MURUGAPPAN

FROM THE MANAGING DIRECTOR'S DESK

DEAR SHAREHOLDER,

For the FY 2018-19, the non-life insurers' (excluding Standalone Health & Specialised insurers) Gross Direct Premium is reported at around Rs.1,501 billion, a growth of around 13% over the previous year. The market share of public sector companies was 46% and the private sector companies with a year-on-year growth of 25% constituted 54%. The Crop Insurance Scheme - "Pradhan Mantri Fasal Bima Yojana" (PMFBY) has resulted in increase in Crop insurance premium to Rs.28.23 billion (including Agricultural Insurance Corporation), a growth of 12% over the previous comparable period. Motor, Health and Crop segments continued to constitute a significant portion of the portfolio at about 80%. The growth in Health insurance lines of business (including Standalone Health insurers' volume) was at 21% in FY 2018-19 compared to 22% in FY 2017-18. With non-life insurance penetration levels continuing to be around 0.93% of the GDP, and given India's demographic spread, this sector is expected to touch greater heights in the coming years.

Cholamandalam MS General Insurance Company Limited (Chola MS) registered a growth in gross written premium (including reinsurance remittance) of 7.90% at Rs.4.43 billion. If we exclude the conscious scaling down of exposures in Crop Insurance segment, the real growth works out to around 11% for the FY 2018-19. Growth in business operations continued to be driven by strong performance in retail channel, with Motor & Health insurance contributing over 75% of the premiums, with a good mix across Metros & Non Metros. Chola MS services around 8.9 million customers pan India. Business teams successfully leveraged their bancassurance expertise and significantly enhanced the customer base through the large bank branch network. Proprietary distribution grew by widening of distribution reach into Tier 3 and Tier 4 towns through a digitally enabled model providing an enhanced customer experience, strong performance in OEM partnerships and continued growth in existing distribution partnerships. Chola MS continued to implement its strategy of growing in preferred geographies and product lines and further plans to continue its thrust on building distribution through its digitally enabled model in select unserved markets across the country in a phased manner.

FY 2018-19 has been a challenging year for Chola MS, impacted by the exit of one of our channel partners, in addition to our conscious decision to reduce our exposure to crop insurance. Further, stiff competition impacted price realizations in Motor OD. Despite these challenges, Chola MS has maintained Rank 7 position within addressable markets (i.e. Industry volumes excluding Group & Govt. Health and Crop) with a market share of 2.9%. Chola MS has renewed its partnership agreement with two of its major financier partners for a 5 year period.

Corporate debt environment posed a tough challenge for all insurers and Chola MS was no exception. During the year the company had to provide for some exceptional items on the Investment side. In terms of profits, Chola MS achieved Profits before Taxes of Rs. 2.51 billion and our results were supported with a robust investment income of Rs. 5.37 billion during the year, with a corpus of over Rs. 75.96 billion. Our Return on Net Worth stood at 12.31%.

One of the key industry developments during the year was the introduction of long term third party insurance compulsory for new four wheelers and two wheelers from September 1, 2018. Hon'ble Supreme Court mandated this based on the road safety committee observation that the accident victims/ their legal representatives were, in most cases, not adequately compensated. Accordingly IRDAI mandated third party insurance cover for new four wheelers for a period for three years and for two wheelers for a period of five years. This will help in addressing the under insurance problem faced by the industry for a long time, which would result in increasing the penetration.

In our endeavour to completely transform Chola MS digitally, we have implemented mobility solutions to achieve automation in the areas of renewals, field force management, claims and customer service. Chola MS has also implemented telematics solution, call centre automation and planning to invest further in emerging technologies to enhance customer experience and improve internal business processes.



Several fast-growing technology trends of InsurTechs, such as Artificial Intelligence, Robotic Process Automation (RPA), wearables, usage of drones in the assessment of claims and Blockchain technologies have started making an early impact on the the insurance industry in India. We are working on several digitization projects by exploring the use of RPA, Chatbot etc.

Retail will continue to be the dominant growth strategy. Profitable segments of motor, retail health and other retail products will be the focus lines of business. The Company would continue to expand footprint in Tier 3 and Tier 4 towns through a digitally enabled model providing an enhanced customer experience. As part of our digital transformation journey Chola MS proposes to invest in emerging technologies to enhance customer experience and improve internal business processes.

In line with Murugappa Group's values and traditions, Chola MS continuously strives to bring in a positive change in the society through its social endeavours. Chola MS spent more than 2% of its average profit of the last three years on CSR, thereby going beyond the statutory requirements. We have spent Rs. 56.95 million in Corporate Social Responsibility (CSR) activities across various programmes, including promotion of education, rural development, road safety and protection of art & culture.

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

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

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

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

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

Best Regards,
S S GOPALARATHNAM
 Managing Director

PROFILE OF DIRECTORS



MR. M M MURUGAPPAN, 63 years,
Chairman (DIN: 00170478)

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



MS. SHUBHALAKSHMI PANSE, 65 years,
Independent Director (DIN: 02599310)

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



MR. N S R CHANDRA PRASAD, 65 years,
Independent Director (DIN: 01386757)

Mr. N S R Chandra Prasad is a commerce graduate from Andhra University, Fellow member of Insurance Institute of India and Certified Associate of the Indian Institute of Bankers by qualification. He has over 39 years of experience in insurance industry and has held key positions in Marketing, Operations, Technical, Reinsurance, Personnel & Training both in India and overseas. He has served as the Chairman cum Managing Director of National Insurance Company Limited and Managing Director of Prestige Assurance Plc, Lagos (Nigeria). He had held directorships in various companies including GIC Re, New India Assurance Co Ltd, India International Insurance, Singapore, Globe Re PLC, Lagos (Nigeria), Pensure PFA, Lagos, Health Insurance TPA of India Limited. He is a Director on the Boards of GIC Housing Finance Limited, Kshema General Insurance Limited, Kshema Holdings Private Limited and India International Insurance Pte Ltd., Singapore. Mr. Prasad joined the Board of Chola MS in July, 2015.



MR. MARGAM RAMA PRASAD, 66 years,
Independent Director (DIN: 01637947)

Mr. Margam Rama Prasad holds Masters' degree in Statistics and is an Associate member of Insurance Institute of India. He was Wholetime member of Insurance Regulatory and Development Authority of India in Non-Life Insurance. He has over 41 years of experience in insurance sector. He was an Ex-Officio member in the Reinsurance Committee of International Association of Insurance Supervisors, the Governing Councils of Insurance Information Bureau, and in Institute of Insurance and Risk Management. Mr. Margam Rama Prasad served as Chairman of General Insurance Council of India. He had held Directorships in The Thana Electric Supply Company Limited, GIC Housing Finance Limited, SHCIL Services Limited, Institute Of Insurance And Risk Management, Indian Institute Of Insurance Surveyors and Loss Assessors. He joined the Board of Chola MS in July '2017.



MR. SRIDHARAN RANGARAJAN, 53 years,
Non-Executive Director (DIN: 01814413)

Mr. Sridharan Rangarajan is a member of the Institute of Chartered Accountants of India and a graduate member of the Institute of Cost Accountants of India. He holds a Bachelor's degree in Commerce from the Madurai University and is a certified Six Sigma 'Green Belt', trained 'Process Champion' and 'Black Belt'. He is the Chief Financial Officer of the Murugappa Group and has over 29 years of experience in finance, manufacturing, service & distribution, banking and contracting industries. He is on the Boards of various companies including Cholamandalam Financial Holdings Limited, Cholamandalam Home Finance Limited, Cholamandalam MS Risk Services Limited, Cholamandalam Health Insurance Limited, Net Access India Limited. He has rich cross-cultural work experience from having worked in Companies like ABB, IDBI, LG Electronics, Trane Inc. USA and Timken. He joined the Board of Chola MS in October 2018.



MR. HIDEO YOSHIDA, 56 years,
Non-Executive Director (DIN: 08384830)

Mr. Yoshida holds Bachelor of Arts in Business and Commerce from Keio University. He has over 34 years of experience in general insurance industry. He was working in Leadership positions in Mitsui Sumitomo Insurance (China) Co. Limited, Japan since 2009. Mr. Yoshida is a director on the Board of Cholamandalam MS Risk Services Limited, Mitsui Sumitomo Insurance (China) Co. Ltd., InterRisk Consulting (Shanghai) Co. Ltd.. Mr. Yoshida joined the Board of Chola MS in April 2019.



MR. S S GOPALARATHNAM, 60 years,
Managing Director (DIN: 02060399)

Mr. Gopalathnam is a Commerce graduate, a fellow member of the Institute of Cost Accountants of India and has done an advanced management program in Harvard University. He has been associated with the Murugappa Group for nearly 40 years since 1979 in various leadership roles. He spent 21 years in Tube Investments of India Limited in various roles like Finance, Exports and Business operations and was head of Corporate & Strategic Planning at the Murugappa Group for 1 1/2 years and is a founder member of Cholamandalam MS General Insurance Company Limited from the inception since 2001. Mr. Gopalathnam is a director on the Board of Cholamandalam MS Risk Services Limited and Cholamandalam Health Insurance Limited. He has been on the Board of Chola MS since April, 2008.



MR. TAKASHI KISHI, 53 years,
Wholetime Director (DIN: 08381603)

Mr. Takashi Kishi holds Bachelor of Arts in Business and Commerce from Keio University. Mr. Kishi has over 30 years of experience in general insurance industry. Mr. Kishi has been working in Mitsui Marine & Fire Insurance Co. Ltd. since 1989. Before appointment as wholetime Director he was Executive Vice President Japanese and Korean Division (J&K) of the Company from April 1, 2016. Mr. Kishi is a director on the Board of Cholamandalam MS Risk Services Limited and joined the Board of Chola MS in April 2019.

LEADERSHIP TEAM



S S GOPALARATHNAM
Managing Director



TAKASHI KISHI
Wholetime Director



V SURYANARAYANAN
*President &
Chief Operating Officer*



VEDANARAYANAN SESHADRI
President – Emerging Businesses



S VENUGOPALAN
Chief Financial Officer



SURESH KRISHNAN
*Chief Compliance Officer
& Company Secretary*



S K RANGASWAMY
*Chief Risk Officer &
Head – Internal Audit*



N V MURALI
Chief Investment Officer



R ARUNACHALAM
Appointed Actuary

FINANCIAL HIGHLIGHTS

₹ million

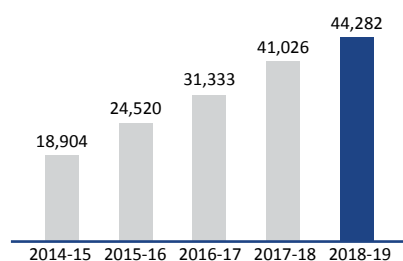
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Written Premium - Direct	7,849	9,680	13,465	16,209	18,551	18,904	24,520	31,333	41,026	44,282
Net Earned Premium	4,623	6,274	8,691	11,674	14,314	14,821	16,908	22,481	28,238	30,499
PBT	19	(226)	155	890	1,015	2,007	2,131	2,971	3,466	2,506
PAT	24	(229)	191	602	701	1,371	1,479	2,081	2,426	1,789
Networth	2,793	2,570	3,257	4,359	5,824	7,190	8,529	10,751	12,961	14,534
Fixed Assets (net)	140	289	359	496	577	617	615	691	703	687
Investment Portfolio	5,721	9,661	12,573	17,242	23,282	31,646	38,607	48,919	63,627	75,961
Earnings Per Share (₹)	0.11	(0.86)	0.69	2.08	2.37	4.59	4.95	6.97	8.12	5.99
Book Value Per Share (₹)	10.46	9.63	11.48	14.93	19.49	24.06	28.54	35.98	43.38	48.64

PBT - Profit before tax

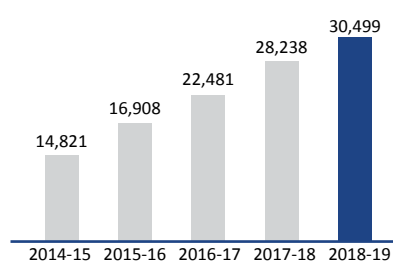
PAT - Profit after tax

KEY FINANCIAL INDICATORS

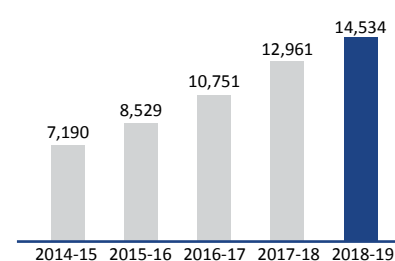
GROSS WRITTEN PREMIUM - DIRECT
(₹ million)



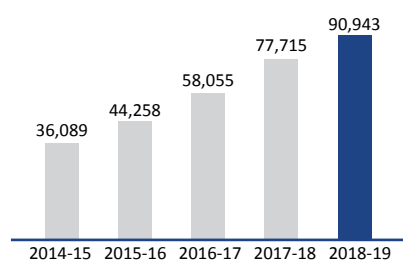
NET EARNED PREMIUM
[Including IMTPIP (Indian Motor Third Party Insurance)] - (₹ million)



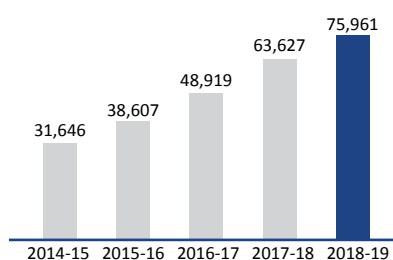
NET WORTH
(₹ million)



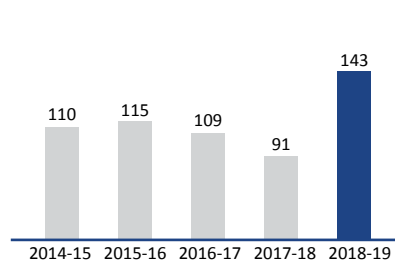
TOTAL ASSETS
(₹ million)



INVESTMENT PORTFOLIO
(₹ million)



BRANCH NETWORK
(No. of Branches)



CORPORATE SOCIAL RESPONSIBILITY

Setting up of Neonatal step-down ward for infants at Government General Hospital, Kakinada, Andhra Pradesh



Disaster relief for victims of Gaja cyclone in various districts of Tamil Nadu



Providing basic health care check-up and medical advice to general public in Karimnagar, Telangana



Support by way of infrastructure and wash facilities to Panchayat Union Primary School, Kannampalayam, Tamil Nadu



Support to senior citizen home by providing Chapathi and Sevai making machines at Ambattur, Chennai, Tamil Nadu



Conducting road safety awareness campaign to bus drivers and conductors in Tamil Nadu



AWARDS RECEIVED DURING THE FINANCIAL YEAR



ASIA'S MOST TRUSTED COMPANY 2018

Chola MS was conferred with 'Asia's Most Trusted Company 2018' by IBC Infomedia Pvt. Ltd., International Brand Consulting Corporation, USA under the category Asia's most trusted General Insurance Company from Asia (Indian region).



BEST GENERAL INSURANCE COMPANY

Chola MS was conferred with 'Best General Insurance Company' at ET Now Banking, Financial Services & Insurance Awards.



NATIONAL BEST EMPLOYER BRAND 2018

Chola MS was conferred with the 'National Best Employer Brand 2018' at ET Now 13th Employer Branding Awards 2018-19.

CORPORATE INFORMATION

BOARD OF DIRECTORS

M M MURUGAPPAN	Chairman
SHUBHALAKSHMI PANSE	Director
N S R CHANDRA PRASAD	Director
MARGAM RAMA PRASAD	Director
SRIDHARAN RANGARAJAN	Director
HIDEO YOSHIDA	Director
S S GOPALARATHNAM	Managing Director
TAKASHI KISHI	Wholetime Director

COMPANY SECRETARY

SURESH KRISHNAN	Company Secretary & Chief Compliance Officer
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TOP MANAGEMENT TEAM

S S GOPALARATHNAM	Managing Director
TAKASHI KISHI	Wholetime Director
V SURYANARAYANAN	President and Chief Operating Officer
VEDANARAYANAN SESHADRI	President – Emerging Businesses
S VENUGOPALAN	Chief Financial Officer
SURESH KRISHNAN	Company Secretary & Chief Compliance Officer
S K RANGASWAMY	Chief Risk Officer & Head – Internal Audit
N V MURALI	Chief Investment Officer
R ARUNACHALAM	Appointed Actuary

AUDITORS

M/S. SHARP & TANNAN, Chartered Accountants
Parsn Manere, 'A' Wing, 602, Anna Salai, Chennai-600 006

M/S. R.G.N PRICE & CO., Chartered Accountants
Simpsons Buildings, No. 861, Anna Salai, Chennai – 600 002

REGISTERED OFFICE

CIN: U66030TN2001PLC047977
Dare House, II Floor, NSC Bose Road, Parrys, Chennai – 600 001
Phone: 91-44-40445400, Fax: 91-44-40445550, Toll Free No. 1800 200 5544
Website: www.cholainsurance.com

DEBENTURE TRUSTEE

IDBI TRUSTEESHIP SERVICES LTD.,
CIN: U65991MH2001GOI131154
Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.
Phone: 91-22-40807000, Fax: 91-22-66311776

DIRECTORS' REPORT TO MEMBERS

Your directors have pleasure in presenting the eighteenth annual report together with the audited financial statements of the Company for the year ended March 31, 2019.

FINANCIAL HIGHLIGHTS

₹ Million

Particulars	2018-19	2017-18
Gross Written Premium (GWP)		
Direct	44282	41026
Reinsurance Acceptance	109	103
Total GWP	44391	41129
Net Earned Premium	30499	28238
Net Claims Incurred	23355	20484
Net Commission and expense of management	9396	9015
Investment Income (PH)	4833	4363
Operating Profit	2581	3103
Investment Income (SH)	544	530
Other Expenses	619	167
Profit before tax	2506	3466

INDUSTRY SCENARIO

The Gross Direct Premium of non-life insurers (excluding Standalone Health & Specialised insurers) is reported at around ₹1,501 billion, a growth of around 13% over the previous year. The market share of public sector companies was 46% with the private sector companies growing their share to 54%. The Crop Insurance Scheme of the Government (PMFBY) had a growth of 15% over previous comparable period. Motor, Health and Crop segments continued to constitute a significant share of about 80% of the total insurance industry GWP.

The growth in Health insurance line of business (including Standalone Health Insurance Companies volume) was at 22% in FY 2018-19 compared to 18% in FY 2017-18.

SUMMARY OF COMPANY PERFORMANCE

The Company achieved a GWP of ₹44,282 million registering a growth rate of around 8% over the previous year and ended with a market share of around 3% (among GI players).

While the growth was driven by new partnerships secured during the year, strong growth achieved in proprietary channels in Tier 2, 3 and 4 towns, volume scale up in corporate agent relationships with state owned banks etc, the reduced volumes in PMFBY and the loss of business arising from a key channel becoming a direct insurer resulted in the lower growth. In the second half of the year, the Company's growth was stronger at around 22% in comparison with corresponding period of the previous year.

Together with investment income the Company recorded a profit before tax of ₹2,506 million for the FY ended March 31, 2019.

DIVIDEND

With a view to conserve the resources, your directors do not recommend any dividend for FY 2018-19.

TRANSFER TO RESERVES

An amount of ₹1,000 million is proposed to be transferred to General Reserve for the FY 2018-19.

BUSINESS OPERATIONS

The Company's business volume grew in retail strongly with the issuance of over 2.95 million policies and 2.93 million certificates (overall 5.88 million) which constitutes a growth of 22% over the previous year. In Motor, the Company entered the two-wheeler segment in October 2018. The Company expanded its business volumes in the Western and Eastern zones of the country. The Company expanded its presence in the OEM tie-ups with Hyundai, TATA Motors and entered into a tie-up with Maruti.

The Company strengthened its relationships with bancassurance partners including the renewal of the tie-up with IndusInd Bank.

In crop insurance, the Company adopted a cautious stance in bidding for several clusters.

Enabling server to server integration with OEM channels, and state owned banks has increased the overall e-penetration to 81% in Motor Line of Business (LOB). Technology enablement in Operations empowered the partners and sales team to process policies at sourcing point thereby improved TAT for policy processing and reduction in customer complaints (a reduction of 47% compared to the previous year).

UNDERWRITING

The Company continued to make an underwriting surplus in most lines of business except motor third party and crop sub-segments. The Company, with its thrust on retail risks, continues to adopt prudent underwriting strategies and processes.

(A) MOTOR:

Motor Premium registered a growth of 13.64% and amounted to ₹30,011 million in FY 2018-19 constituting 67.77% of the turnover. During the year, the Company made a foray into the two-wheeler segment apart from growing its portfolio in the private car segment.

The industry witnessed two major changes in the motor line during the year:

(a) Mandatory introduction of long term products from October 2018 in new two wheelers and cars is a positive step which will enhance the assets under insurance cover thereby reducing the frequency of claims in the ensuing years. This move, incidentally, also helps in augmenting the investment corpus of insurers.

(b) Following the Madras High Court directive, the compulsory owner-driver personal accident cover was enhanced from ₹2 lakhs to ₹15 lakhs which is beneficial to the insured.

Pricing in motor Own Damage witnessed severe pressure throughout the year with discounts across vehicle categories rising to new highs. The intermediation costs also went up during the year squeezing and reducing margins to wafer thin levels.

In motor third party, the premium insufficiency still exists in several sub-segments. The decision by the regulator to continue with the same prices and not providing the annual revision is bound to aggravate the situation as severity in third party claims has been on the rise in the wake of the Court pronouncements.

(B) PROPERTY LINES:

Fire: In the backdrop of bancassurance tie-ups with banks, the fire portfolio registered a revenue of ₹2,646 million in FY18-19 constituting 5.97% of the portfolio.

Continued underwriting discipline with prudence in risk selection (preferred occupancies contributing to 78% of fire portfolio), together with dispersed risks across geographies resulted in the growth of the underwriting surplus in the portfolio. The Company continued in its journey of technology adoption by enabling quick renewals for customers in all bancassurance tie-ups thereby stepping up the renewal ratios.

The enhancement of the natcat premium effective December 2018 and the move by GIC Re in tightening the reinsurance terms on specific occupancies with high loss experience for the industry are welcome steps in enhancing the premium base and will improve the results of this line.

Premium rates for other occupancies, especially for medium and large risks, continue to be low necessitating an industry-wide conscious implementation of minimum rates to render economic viability for both insurers and reinsurers.

This line made an underwriting surplus during the year.

Engineering: Premium in engineering portfolio grew by 28.89% to ₹355.34 million in FY 2018-19 with annual policies contributing to more than half the portfolio. The portfolio continues to make an underwriting surplus.

Marine: Marine portfolio premium was at ₹749.94 million attaining a growth of 5.37%. The portfolio continues to make an underwriting surplus.

(C) HEALTH AND ACCIDENT:

Health and accident portfolio premium grew by 18.84% to ₹5,586.57 million in FY 2018-19 with good growth in both the health and accident segments. The Company continues to be very selective in corporate group health segment. The portfolio continues to make an underwriting surplus.

(D) CROP INSURANCE:

During the year, the Company won clusters in the states of Odisha (Kharif) and West Bengal (Rabi) apart from operating on the earlier won clusters in Madhya Pradesh and Tamil Nadu and portfolio premium was ₹4,369.44 million for the year.

The Company pursued rigorous monitoring of Crop-cutting Experiments (CCEs), audit of enrolment documentation to weed out duplication / overstatement of coverages. However, the drought situation in Jharsuguda (Odisha) together with the failure of the North East monsoon (impacting Tamil Nadu clusters) rendered the underwriting results adverse.

In the context of an El-Nino possibility in FY 2019-20 and with the reinsurance terms getting stiffer by way of reduced commission and higher costs in non-proportional protection, the economic viability of this line of business has come into question.

The Company has decided to take a pause in this line of business for FY 2019-20 and will closely monitor emerging developments for re-entry at a later stage.

CLAIMS

The year under review witnessed claims management function significantly stepping up speed of disposal while handling larger volumes, higher efficiency & productivity through automation etc., and controls on severity.

The net claims ratio stood at 76.58% in FY 2018-19 (Previous year: 72.54%) impacted by Kerala floods, losses in the crop portfolio and stepped up provisioning in the context of higher severity in motor third party emanating from certain recent decisions of the Apex Court.

The Company continued its processes on managing severity driven by specific programs that yielded good results.

Key highlights include:

- (a) Outstanding claims over 90 days across lines were lower than the previous year with improved metrics on disposal in motor own damage, health and commercial lines claims etc., drawing appreciation from all tied-up channels;
- (b) Stepping up of negotiated settlements in motor third party to over 12544 numbers. On settled cases basis, the Company had a negotiated settlement level of 50% in FY 2018-19. The company also secured 1137 exonerations relieving the Company of liability.

- (c) Strengthening of the investigation framework for motor OD, motor TP and health claims including the implementation of fraud analytics in Motor Own Damage claims.
- (d) Additions to the network of hospitals and garages expanding the service network for the policyholders - over 8,100 hospitals and 6,500 garages;
- (e) Improved automation in claims functioning and business intelligence facilitating real time analysis and decision making;
- (f) Strong quarter-on-quarter reduction in customer complaints on claims servicing.

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

REINSURANCE

In the wake of Kerala floods where the estimated losses for the industry was approximately ₹25,000 million, the reinsurance market hardened. The patchy monsoon also resulted in higher loss ratios in crop insurance impacting insurers and reinsurers.

During the year, the Company put in place new reinsurance arrangement by way of Quota Share in Long Term Dwellings portfolio. All proportional and non-proportional treaties generated a surplus for the reinsurers for the year 2018-19.

The Company continued the lead with General Insurance Corporation of India (GIC Re) for its proportional and non-proportional programs in Marine, Engineering, Motor and Liability lines.

The Company successfully negotiated and completed the RI placements for FY 2019-20 diversifying the panel with the addition of new reinsurers in all proportional treaties. Non-proportional treaties were also placed in the market at improved and competitive terms. In the property line, the joint venture partner, Mitsui Sumitomo Insurance will lead the proportional program in FY 2019-20.

INVESTMENTS

The Company's investment portfolio including motor pool investments grew to ₹75,961 million as at March 31, 2019 (Previous year: ₹63,627 million). The prudent investment management policy with its emphasis on the objectives of safety, liquidity and optimizing yield despite volatile market conditions helped in growing the investment income and in securing a gross yield of 7.97% (Previous year: 8.88%). The average investment portfolio duration was at 3.24 years with adequate liquidity. The unrealized gain on the Investment book stood at ₹144 million as at March 31, 2019 (Previous year: ₹142 million).

As at March 31, 2019 the Company had exposure in bonds of Infrastructure Leasing and Financial Services Limited (IL&FS) and IL&FS Financial Services Limited (IFIN) (including its share

of assets in terrorism pool) aggregating to ₹1,725 million. These assets were classified as Non-performing assets (NPA). The investments which are unsecured or where there is principal payment default to the Company up to March 31, 2019 aggregating to ₹220 million were identified as bad debts during the year. Further, the Company has also made provision of 10% as diminution in value of investments for the remaining exposure, which are secured in nature in line with the prudential norms.

HUMAN RESOURCES

Recruitment

The manpower strength as on March 31, 2019 was 680.

HR Operations

With the central theme of digitisation of HR operations, the following were introduced:

- Launch of Geo Tag based attendance system
- Electronic Issuance of all Offer, Promotion, Transfer / Relieving letters
- Launch of Digital Dossiers

Chola Insurance Academy

The Company availed the services of "Chola Insurance Academy" for nurturing young talent and pave their career in insurance industry. With tie-ups with prestigious institutions such as Manipal Global, Hand in Hand Academy and Kalinga Institute of Industrial Technology, the Company expects to build a talent pipeline for the future.

Employee Engagement

A series of employee engagement activities were conducted across branches, with emphasis on Employee Safety, Periodic training in preparing them for future growth, which included availing the study support award.

Learning & Development

Customized learning interventions were organized for employees across all levels.

Information pertaining to compliance of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is provided in the Report on Corporate Governance annexed to this Report.

INFORMATION TECHNOLOGY & DIGITAL INITIATIVES

1. Several digital initiatives across the organisation are being pursued that are aimed at improving customer / channel experience, stepping up on ease of transacting and speeding up of transactions, claims handling on self-help modes, transparency in information flow to customers / channels etc.
2. The Company also stepped up on the Information Security strengthening through appropriate technologies and processes.
3. Digital initiative-2019-20: The Company has embarked on a few projects on Robotic Process Automation (RPA) in

claims, underwriting and finance functions, artificial intelligence based candidate selection process etc.

AWARDS AND ACCOLADES

The Company was recipient of the following awards:

1. “Best General Insurance Company” award at ET Now Banking, Financial Services and Insurance Awards.
2. “National Best Employer Brand 2018” at ET Now 13th Employer Branding Awards 2018-19.
3. Asia’s most trusted company 2018 by IBC Infomedia Pvt. Ltd., International Brand Consulting Corporation, USA under the category Asia’s most trusted General Insurance Company from Asia (Indian region).

HOLDING COMPANY

The name of our holding company was changed to Cholamandalam Financial Holdings Limited (formerly TI Financial Holdings Limited) with effect from March 27, 2019. The nature and extent of shareholding of the Holding Company, Cholamandalam Financial Holdings Limited, in the Company remains unchanged.

SUPPORT FROM MSI

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

NETWORTH AND SOLVENCY

The paid-up capital as at March 31, 2019 was at ₹2,988 million and the networth as at that date was ₹14,534 million. During the year, the Company has not issued any equity shares. The Company’s solvency ratio as at March 31, 2019 was 1.55 times as against the mandated threshold of 1.50 times.

NON-CONVERTIBLE DEBENTURES

The Company had, in FY 2017-18, issued and allotted 1000 unsecured, subordinated, fully paid-up, listed, redeemable, non-convertible debentures of face value of ₹10,00,000 (Rupees Ten Lakh Only) each at par, aggregating ₹1,000 million on private placement basis.

CRISIL reaffirmed its credit rating of AA/Stable and ICRA AA (Stable) was reaffirmed by ICRA. The debentures have tenure of 10 years and mature on May 25, 2027. The debentures are listed on the Debt Market Segment of National Stock Exchange of India.

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

ADOPTION OF INDIAN ACCOUNTING STANDARDS

IRDAI, vide its circular dated June 28, 2017, deferred the implementation of Indian Accounting Standards for insurance companies till the financial year 2020-21. The Company has taken various initiatives to switch over to Ind AS and is confident of implementing the same.

MAINTENANCE OF COST RECORDS

Pursuant to Section 148 of the Companies Act, 2013 and the Rules made thereunder, the Company is not required to maintain cost records.

CORPORATE GOVERNANCE

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

BOARD MEETINGS

The Board of Directors meet at regular intervals with an annual calendar of meetings circulated at the beginning of the year to enable maximum attendance of Directors. The Board is regularly briefed and updated on the key activities of the business and is provided with briefings and presentations on operations, quarterly financial statements and other matters concerning the Company. Besides, information about statutory compliance, minutes of Committees of the Board and other information as required under the IRDAI regulations are provided to the directors on a regular basis. The Board, at its quarterly meetings, reviews important regulatory changes.

Notice and agenda for Board meetings are given to all Board members at least a week prior to the date of the meeting. There are eight Committees of the Board, the details of which along with their terms of reference, composition and meetings held during the year, are provided in the Corporate Governance report.

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

AUDIT COMMITTEE

The Audit Committee comprises of three independent directors viz., Mr. Margam Rama Prasad, Ms. Shubhalakshmi Panse and Mr. N S R Chandra Prasad and two non executive directors viz., Mr. Sridharan Rangarajan and Mr. Tamaki Kawate.

Mr. Hideo Yoshida was inducted as a member of the Committee with effect from April 1, 2019 in place of Mr. Tamaki Kawate.

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

BOARD EVALUATION

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

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

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

- Policy for Board nominations including criteria for determining qualifications, positive attributes, independence of a Director.

The policy is available on the website of the Company at <https://www.cholainsurance.com/CholaWebapi/UploadedFiles/PolicyforBoardnominations.pdf>

The Policy is annexed to this report as **Annexure B**.

- Criteria for induction of a person in the senior management positions of the Company.

The policy is available on the website of the Company at <https://www.cholainsurance.com/CholaWebapi/UploadedFiles/CriteriaforAppointmentofSeniorManagement.pdf>

The same is annexed to this report as **Annexure C**.

- Remuneration policy for Directors, Key Managerial Personnel and other employees of the Company.

The policy is available on the website of the Company at <https://www.cholainsurance.com/CholaWebapi/UploadedFiles/RemunerationPolicy.pdf>

The Remuneration Policy is annexed to this report as **Annexure D**.

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

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. In terms of Section 188 of the Companies Act, 2013, read with the Rules made thereunder, there are no significant related party transactions entered by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee for approval. Details of related party transactions, pursuant to the Accounting Standard 18, are dealt with in note 21 of Schedule 16 to the financial statements.

DIRECTORS

The following appointments / reappointments were approved by the shareholders at the seventeenth AGM of the Company held on July 25, 2018:

- Mr. Margam Rama Prasad – appointed as Independent Director till July 24, 2022
- Ms. Shubhalakshmi Panse – reappointed as Independent Director till July 24, 2023
- Mr. M M Murugappan – appointed as Non-Executive Director (liable to retire by rotation)

Mr. Sridharan Rangarajan was appointed as Additional Director by the Board at its meeting held on October 24, 2018, in place of Mr. N Srinivasan, who resigned from the office of Director with effect from July 26, 2018. The Board, at its meeting held on March 11, 2019, approved the following appointments with effect from April 1, 2019:

- Mr. Hideo Yoshida as Additional Director in place of Mr. Tamaki Kawate
- Mr. Takashi Kishi as Additional Director and Wholetime Director in place of Mr. Takahiko Shibakawa

The Board places on record its deep appreciation and gratitude to Mr. N Srinivasan, Mr. Tamaki Kawate and Mr. Takahiko Shibakawa for their guidance and valuable contribution to the Company during their tenure.

Mr. M M Murugappan retires by rotation at the ensuing annual general meeting and being eligible, offers himself for re-appointment.

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

KEY MANAGERIAL PERSONNEL

The Board, at its meeting held on March 11, 2019 approved the following:

- a) Reappointment of Mr. S S Gopalarathnam as Managing Director for a further period from May 24, 2019 to June 30, 2020; and
- b) Appointment of Mr. Takashi Kishi as Wholetime Director for a period of two years with effect from April 1, 2019 in place of Mr. Takahiko Shibakawa.

As on March 31, 2019, the Key Managerial Personnel of the Company, in terms of the provisions of section 203 of the Companies Act, 2013, are as follows:

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

DISCLOSURES UNDER IRDAI GUIDELINES DATED AUGUST 5, 2016

Disclosures on remuneration of Managing Director and Key Management Persons as mandated under IRDAI Guidelines dated August 5, 2016

(I) QUALITATIVE DISCLOSURES:

- (a) Information relating to the design and structure of remuneration processes and Key features and objectives of the Remuneration Policy:

The Remuneration Policy provides the framework for remuneration of members of the Board of Directors, Key Management Persons and other employees of the Company.

The Policy covers the types of remuneration, aspects taken into consideration while determining the remuneration, method of determination of increment, if any, with respect to remuneration payable to Non-Executive Directors, Managing Director/Whole-time Directors, Key Management Persons/ other employees.

- (b) Description of the ways in which current and future risks are taken into account in the remuneration processes:

The remuneration fixing process of Managing Director includes evaluation of performance against performance objectives defined in advance which includes performance criteria covering the enterprise wide Risk Management Framework.

- (c) Description of the ways in which the Company seeks to link performance during a performance measurement period with levels of remuneration:

The level of remuneration of Managing Director for any financial year is inter-alia linked to the following performance objectives:

- a. Targets of the Company with respect to the premium received and the profits;

- b. Achievement of target numbers in respect of Expenses of Management and Solvency ratio along with the overall financial position of the Company;
- c. Overall customer satisfaction in terms of claim settlement /repudiation and grievance redressal;
- d. Overall compliance to applicable laws including Companies Act, 2013, IRDAI Regulations and Guidelines and the SEBI Regulations, as may be applicable to the Company from time to time

(II) QUANTITATIVE DISCLOSURES:

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

Particulars	March 31, 2019
Number of MD/ CEO / WTDs having received a variable remuneration award during the financial year	1
Number and total amount of sign-on awards made during the financial year	NIL
Details of guaranteed bonus, if any, paid as joining / sign on bonus	NIL
Breakdown of amount of remuneration awards for the financial year (₹ in lakh)	
Fixed	248.08
Variable	252.29
Deferred	NIL
Non-deferred	NIL
Total amount of outstanding deferred remuneration	
Cash (₹ in lakh)	NIL
Shares (nos.)	NIL
Shares-linked instruments	NIL
Other forms	NIL

STATUTORY AUDITORS

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

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

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

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

SECRETARIAL AUDIT

In terms of the requirements of Section 204 of the Companies Act, 2013, M/s R Sridharan & Associates, Practising Company Secretaries, were appointed as Secretarial Auditors by the Board to conduct secretarial audit for FY 2018-19. The secretarial audit report is appended to this report as **Annexure E**. The secretarial audit report does not contain any qualification or adverse remark.

PEER REVIEW OF ACTUARIAL VALUATION

The Company engaged the services of Mr. Saket Singhal, a qualified actuary, who carried out the peer review of the Annual Statutory Actuarial Valuation for the financial year 2018-19 carried out by the Appointed Actuary of the Company.

RISK MANAGEMENT

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

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

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

During the year under review, the Company obtained certification under ISO standard 31000:2018 for its Enterprise Risk Management Process. The Certificate is valid for a period of 3 years and would assist the Company to standardize its Risk Management Practices.

INTERNAL CONTROL SYSTEM

The Company has in place internal control framework to provide reasonable assurance to ensure compliance with internal policies, regulatory matters and to safeguard reliability of financial reporting and its disclosures. An annual risk based internal audit plan is drawn up on the basis of risk profiling of the businesses/ departments of the Company which is approved by the Audit committee before the beginning of the respective financial year.

Internal audit of systems and process was conducted by M/s Sundaram & Srinivasan, Internal Auditors; and the transaction audit was conducted by in-house internal audit team for FY 2018-19. Key observations, recommendations and compliance status of the previous key audit findings of internal auditors are reported to the Audit Committee at its respective quarterly meetings. The Chairman of the Audit Committee briefs the Board on deliberations taken place at the Audit Committee meetings.

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

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Corporate Social Responsibility (CSR) Committee comprises of Mr. M M Murugappan (Chairman), Mr. Margam Rama Prasad, Mr. S S Gopalathnam and Mr. Takahiko Shibakawa as its members.

Mr. Takashi Kishi was appointed as a member of the committee with effect from April 1, 2019 in place of Mr. Takahiko Shibakawa.

CSR policy, duly approved by the Board, and in line with the provisions of Section 135 of the Act read with Schedule VII and the Rules made there under and the Murugappa Group philosophy is in place comprising of the following programs:

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

- Undertake rural development projects;
- Providing support to institutions involved in welfare of senior citizens
- Providing support for initiatives aimed at improvements in Road Safety

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

The Company earmarked an amount of ₹55.5 million towards CSR spend, and ₹56.9 million was spent towards CSR activities as approved by the Committee.

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

OUTLOOK FOR 2019-20

In the context of continued good economic growth of the Country and the capital infusion in the banking sector the business lines of motor, health and SME are expected to grow strongly in FY 2019-20. The possibilities of El Nino could dampen the crop line of business. Nevertheless, the general insurance industry is poised to grow at over 12%.

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

PUBLIC DEPOSITS

The Company has not accepted any public deposits during the year under review.

LOANS, GUARANTEES AND INVESTMENTS

The Company has not given loans and guarantees. Investments are made as per the provisions of Insurance Act and IRDAI regulations.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

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

Particulars required to be furnished in this report under

Section 134(3) of the Companies Act, 2013 and the rules made thereunder, relating to conservation of energy and technology absorption are not applicable for the year under review, and hence not furnished. The foreign exchange earnings and outgo during the year was ₹2,273.05 million and ₹2,774.71 million respectively.

DIRECTORS' RESPONSIBILITY STATEMENT

As per Section 134(5) of the Companies Act, 2013, the directors accept the responsibility for the integrity and objectivity of the Statement of Profit & Loss for the year ended March 31, 2019 and the Balance Sheet as at that date ("financial statements") and confirm that:

- in the preparation of the annual accounts for the financial year ended March 31, 2019 ("financial statements"), the applicable accounting standards read together with IRDAI Orders / Regulations mandating financial statements related prescriptions have been followed;
- appropriate accounting policies have been selected and applied consistently and such judgements and estimates that are reasonable and prudent have been made (including those with respect to the contingent liabilities more specifically dealt with in Note 7 of Schedule 16 to the financial statements) so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profits of the Company for that period;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with the size and nature of operations, subject to the inherent limitations that should be recognized in weighing the assurance provided by any such system of internal controls. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The audit committee meets at regular intervals.
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and were operating effectively
- the annual accounts have been prepared on a going concern basis.
- systems are in place to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

EXTRACT OF ANNUAL RETURN

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

PARTICULARS OF EMPLOYEES

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

The statement prescribed under rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is available for inspection at the registered office of the company during the business hours on working days of the company. If any member is interested in obtaining a copy, such member may write to the company secretary in this regard.

MANAGEMENT REPORT

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

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India.

ACKNOWLEDGEMENT

The directors wish to thank the Insurance Regulatory Development Authority of India (IRDAI) and other statutory authorities for their continued support and guidance. The Board gratefully acknowledges the co-operation extended by the policyholders, re-insurers, bancassurance partners, insurance agents, brokers and other constituents / intermediaries.

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

For and on behalf of the Board

April 22, 2019
Chennai

M M Murugappan
Chairman

REPORT ON CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE PHILOSOPHY:

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

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

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

The Company firmly believes in and follows the Arthashastra quote,

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

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

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

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

BOARD OF DIRECTORS:

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

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

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

BOARD COMPOSITION:

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

The Board of Directors of the Company, being a joint venture between the MG represented by Cholamandalam Financial Holdings Limited (formerly T1 Financial Holdings Limited) and MSI, Japan, comprises of representatives of MG and MSI in addition to Independent Directors. The Board comprises of 8 directors viz 2 MG Non-Executive Directors, 1 MG Managing Director, 1 MSI Non-Executive Director, 1 MSI Whole-time Director and 3 Independent

Directors. A brief profile of the directors is provided elsewhere in the annual report for the information of the shareholders.

During the year under review, Mr. N Srinivasan, Non-Executive Director, resigned from his office as Director on July 26, 2018 and Mr. Sridharan Rangarajan was appointed as an Additional Director (MG Director) on the Board with effect from October 24, 2018. Further, the appointment of Mr. Hideo Yoshida as Additional Director with effect from April 1, 2019 in place of Mr. Tamaki Kawate, who resigned with effect from March 31, 2019 and appointment of Mr. Takashi Kishi as Additional Director and Whole-time Director with effect from April 1, 2019 in place of Mr. Takahiko Shibakawa, who retired from the Board with effect from March 31, 2019 were approved by the Board at its meeting held on March 11, 2019.

The offices of the Chairman and Managing Director of the Company have been kept separate. All the Board members including the Independent Directors have the opportunity and access to interact with the management. Annual disclosures and declarations are obtained from directors including declarations from Independent Directors confirming the eligibility criteria of independence under the Act. Further, an annual declaration confirming the 'Fit & Proper' criteria prescribed in the corporate governance guidelines issued by IRDAI is also provided by all the Directors.

Number of directorships of directors as at March 31, 2019 on other Boards are provided below:

Name of the Director	Category	Number of Directorship #
Mr. M M Murugappan	Non-Executive / MG nominee	8
Mr. Margam Rama Prasad	Non-Executive / Independent	-
Ms. Shubhalakshmi Panse	Non-Executive / Independent	9
Mr. N S R Chandra Prasad	Non-Executive / Independent	2
Mr. Sridharan Rangarajan	Non-Executive / MG nominee	5
Mr. Tamaki Kawate	Non-Executive / MSI nominee	1
Mr. S S Gopalarathnam	Managing Director / MG nominee	2
Mr. Takahiko Shibakawa	Wholetime Director / MSI nominee	1

#excludes directorship in Chola MS, private limited companies, companies registered under section 8 of Companies Act, 2013, foreign companies and alternate directorships.

BOARD MEETINGS:

During the year ended March 31, 2019, 5 Board meetings were held on April 26, 2018, July 25, 2018, October 24, 2018, January 28, 2019 and March 11, 2019. Attendance of directors at Board Meetings is given below:

Name of Director	April 26, 2018	July 25, 2018	October 24, 2018	January 28, 2019	March 11, 2019
Mr. M M Murugappan	✓	✓	✓	✓	✓
Mr. Margam Rama Prasad	✓	✓	✓	✓	✓
Ms. Shubhalakshmi Panse	✓	LOA*	✓	LOA*	✓
Mr. N S R Chandra Prasad	✓	✓	✓	✓	✓
Mr. N Srinivasan (till July 26, 2018)	✓	✓	-	-	-
Mr. Sridharan Rangarajan (from October 24, 2018)	-	-	✓	✓	✓
Mr. Tamaki Kawate	LOA*	✓	LOA*	✓	✓
Mr. S S Gopalarathnam	✓	✓	✓	✓	✓
Mr. Takahiko Shibakawa	✓	✓	✓	✓	✓

*Leave of absence

BOARD TRAINING AND INDUCTION:

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

COMMITTEES OF THE BOARD:

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

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

The following are the eight Committees constituted by the Board:

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

AUDIT COMMITTEE:

TERMS OF REFERENCE

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

INTERNAL AUDIT

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

EXTERNAL AUDIT

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

OTHER FUNCTIONS

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

COMPOSITION & MEETINGS

The Committee comprises of five members as at March 31, 2019. During the year, Mr. Sridharan Rangarajan was inducted as Committee member on October 24, 2018 in the place of Mr. N Srinivasan who ceased to be a director of the Company with effect from July 26, 2018.

The Chairman of the Committee is Mr. Margam Rama Prasad. During the year the Committee met six times. The composition of the Committee and the attendance of each member at the Audit Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. Margam Rama Prasad	Independent Director	6(6)
Ms. Shubhalakshmi Panse	Independent Director	3(6)
Mr.NSR Chandra Prasad	Independent Director	6(6)
Mr. N Srinivasan (till July 26, 2018)	Non-Executive Director	3(3)
Mr. Sridharan Rangarajan (from October 24, 2018)	Non-Executive Director	2(2)
Mr. Tamaki Kawate	Non-Executive Director	4(6)

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

The statutory auditors and internal auditors are invited for the meetings of the Audit Committee. During the year, the Independent Directors in Audit Committee have held separate discussions with the statutory and internal auditors without the presence of the management team on April 26, 2018.

INVESTMENT COMMITTEE:

TERMS OF REFERENCE

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

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

COMPOSITION & MEETINGS

The Committee comprises of eight members including the Chief Financial officer (CFO), Chief Investment Officer (CIO), Appointed Actuary and Chief Risk Officer (CRO). During the year, Mr. M M Murugappan was appointed as the Chairman and Mr. Sridharan Rangarajan was inducted as a member of the Committee on October 24, 2018 in place of Mr. N Srinivasan, erstwhile Chairman of the Committee, who ceased to be a director with effect from July 26, 2018.

During the year ended March 31, 2019, the Committee met five times. The composition of the Committee and the attendance of Committee members at the Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. N Srinivasan (till July 26, 2018)	Non-Executive Director	1(2)
Mr. M M Murugappan	Non-Executive Director	5(5)
Mr. Sridharan Rangarajan (from October 24, 2018)	Non-Executive Director	2(2)
Mr. S S Gopalathnam	Managing Director	5(5)
Mr. Takahiko Shibakawa	Wholetime Director	5(5)
Mr. S Venugopalan	Chief Financial Officer	5(5)
Mr. S K Rangaswamy	Chief Risk Officer	5(5)
Mr. N V Murali	Chief Investment Officer	5(5)
Mr. R Arunachalam	Appointed Actuary	5(5)

RISK MANAGEMENT COMMITTEE:

TERMS OF REFERENCE

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

The terms of reference of Risk Management Committee broadly include:

- assist the Board in effective operation of the risk management system by reviewing the risks to which the Company is exposed to and the risk mitigation measures undertaken by the Company;
- review the framework for identification, measurement, monitoring and controlling of risks and recommending risk management decisions to the Board;

- review risk exposures and actions taken to manage exposures;
- review and monitor business continuity and solvency position;
- review the progress in enterprise risk management, risk appetite and tolerance limits, status of implementation of the Information Security and Policy procedures and asset liability management.

COMPOSITION & MEETINGS

The Committee comprises of five members. During the year, Mr. Sridharan Rangarajan was inducted as a member of the Committee on October 24, 2018 in place of Mr. N Srinivasan, who ceased to be a director with effect from July 26, 2018. The Chairman of the Committee is Mr. N S R Chandra Prasad. The Committee met four times during the year ended March 31, 2019. The composition of the Committee and the attendance of each member at the Risk Management Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. N S R Chandra Prasad	Independent Director	4(4)
Mr. M M Murugappan	Non-Executive Director	3(4)
Mr. N Srinivasan (till July 26, 2018)	Non-Executive Director	1(2)
Mr. Sridharan Rangarajan (from October 24, 2018)	Non-Executive Director	2(2)
Mr. Tamaki Kawate	Non-Executive Director	2(4)
Mr. S S Gopalathnam	Managing Director	4(4)

POLICYHOLDERS' PROTECTION COMMITTEE:

TERMS OF REFERENCE

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

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

COMPOSITION & MEETINGS

The Committee comprises of four members. During the year, Mr. Sridharan Rangarajan was inducted as a member on October 24, 2018 in place of Mr. N Srinivasan, who ceased to

be a director with effect from July 26, 2018. The Chairperson of the Committee is Ms. Shubhalakshmi Panse. During the year ended March 31, 2019, the Committee met five times and the details of attendance of each member at the Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Ms. Shubhalakshmi Panse	Independent Director	3(5)
Mr. N Srinivasan (till July 26, 2018)	Non-Executive Director	1(2)
Mr. Sridharan Rangarajan (from October 24, 2018)	Non-Executive Director	2(2)
Mr. S S Gopalathnam	Managing Director	5(5)
Mr. Takahiko Shibakawa	Wholetime Director	5(5)

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

TERMS OF REFERENCE

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

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

COMPOSITION & MEETINGS

The Committee comprises of four members. Mr. M M Murugappan is the Chairman of the Committee. The Committee met twice during the year. The composition of the Committee and the attendance of each member at the Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. M M Murugappan	Non-Executive Director	2(2)
Mr. Margam Rama Prasad	Independent Director	2(2)
Mr. S S Gopalathnam	Managing Director	2(2)
Mr. Takahiko Shibakawa	Wholetime Director	2(2)

NOMINATION AND REMUNERATION COMMITTEE:

TERMS OF REFERENCE

The Companies Act, 2013 and IRDAI Guidelines on Corporate Governance mandate constitution of Nomination and Remuneration Committee and prescribe broadly the functions of the Committee. Accordingly the Company had constituted Nomination and Remuneration Committee. The terms of reference of the Committee inter alia include:

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

COMPOSITION & MEETINGS

The Committee comprises of four members. During the year, Mr. M M Murugappan was inducted as a member on October 24, 2018 in place of Mr. N Srinivasan, who ceased to be a Director with effect from July 26, 2018. Ms. Shubhalakshmi Panse is the Chairperson of the Committee. The Committee met four times during the year. The composition of the Committee and the attendance of each member at the Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Ms. Shubhalakshmi Panse	Independent Director	3(4)
Mr. Margam Rama Prasad	Independent Director	4(4)
Mr. N Srinivasan (till July 26, 2018)	Non-Executive Director	2(2)
Mr. M M Murugappan (from October 24, 2018)	Non-Executive Director	1(1)
Mr. Tamaki Kawate	Non-Executive Director	2(4)

BUSINESS COMMITTEE:

TERMS OF REFERENCE

Business Committee is a non-mandatory committee and was constituted in terms of Shareholders Agreement between MG and MSI to review business operations of the Company. The Committee's role inter-alia includes:

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

- review and recommend the management of risk accumulations and re-insurance controls.

COMPOSITION & MEETINGS

The Committee comprises of five members. During the year, Mr. M M Murugappan was appointed as the Chairman and Mr. Sridharan Rangarajan was inducted as a member of the Committee on October 24, 2018 in place of Mr. N Srinivasan, erstwhile Chairman of the Committee, who ceased to be a director with effect from July 26, 2018.

The Committee met five times during the year ended March 31, 2019. The composition of the Committee and the attendance of each member at the Business Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. N Srinivasan (till July 26, 2018)	Non-Executive Director	1(2)
Mr. M M Murugappan	Non-Executive Director	5(5)
Mr. N S R Chandra Prasad	Independent Director	5(5)
Mr. Sridharan Rangarajan (from October 24, 2018)	Non-Executive Director	2(2)
Mr. S S Gopalarathnam	Managing Director	5(5)
Mr. Takahiko Shibakawa	Wholtime Director	5(5)

MANAGEMENT COMMITTEE:

TERMS OF REFERENCE

Management Committee is a non-mandatory committee, constituted in terms of the Shareholders Agreement between MG and MSI. The terms of reference of the Committee broadly include:

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

COMPOSITION & MEETINGS

The Committee comprises of four members. During the year, Mr. Sridharan Rangarajan was inducted as a member on October 24, 2018 in place of Mr. N Srinivasan, who ceased to be a director with effect from July 26, 2018. Mr. M M Murugappan is the Chairman of the Committee. The Committee met five times during the year. The composition of the Committee and the attendance of each member at the Management Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. M M Murugappan (till July 26, 2018)	Non-Executive Director	5(5)
Mr. N Srinivasan (till July 26, 2018)	Non-Executive Director	1(2)
Mr. Sridharan Rangarajan (from October 24, 2018)	Non-Executive Director	2(2)
Mr. Tamaki Kawate	Non-Executive Director	3(5)
Mr. S S Gopalarathnan	Managing Director	5(5)

REMUNERATION OF DIRECTORS:

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

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

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

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

The details of remuneration paid to the directors during the financial year ended March 31, 2019 are provided in extract of Annual Return, i.e. form MGT 9, which is annexed to the Directors Report.

The remuneration paid to Mr. S S Gopalarathnam, Managing Director, and the secondment charges reimbursable to MSI, Japan in respect of Mr. Takahiko Shibakawa, Wholtime Director, are in accordance with the terms of appointment approved by the Board of Directors, the shareholders, and IRDAI and is provided in note 22 of Schedule 16 to the financial statements.

ANTI FRAUD POLICY:

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

CODE OF CONDUCT:

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

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

WHISTLE BLOWER POLICY:

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

POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORK PLACE:

The Company has put in place a policy on prevention of sexual harassment in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 (POSH Act). Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. The Company has complied with the requirements of POSH Act relating to constitution of Internal Complaints Committee. All employees are covered under this policy. The Company takes various initiatives for publicizing the policy which includes uploading the policy in the intranet of the Company, sending mailers, displaying posters across all branches.

During the calendar year ended December 31, 2018, the Company has received one complaint under the policy which has been resolved.

DISCLOSURE UNDER CORPORATE GOVERNANCE GUIDELINES OF IRDAI:

ADDITIONAL WORK ENTRUSTED TO STATUTORY / INTERNAL AUDITORS

In terms of Corporate Governance guidelines of IRDAI, additional work entrusted to statutory auditors / internal auditors of the Company or their associates has to be approved by the Board and disclosed. During the financial year ended March 31, 2019, the below assignments were entrusted to statutory auditors.

Particulars	Sharp & Tannan	RGN Price & Co.
Limited Review		
- Management Reporting (3 Qtrs)	2,70,000	2,70,000
- SEBI Reporting (2 Half Yearly Rep)	60,000	60,000
Other Certifications	1,56,000	1,20,000
Holding Company Reporting	1,10,000	1,10,000
ICFR Certification	2,57,500	2,57,500
Tax Audit	3,60,000	-
Out of pocket expenses for Tax Audit	10,000	-
Total	12,23,500	8,17,500

CLAIMS DETAILS:

In terms of the disclosure requirements on unpaid claims prescribed in Corporate Governance guidelines of IRDAI, the details are furnished below for the financial year 2018-19:

S. No	Particulars	Number of claims
1.	Claims pending at the beginning of the year	50,786
2.	Claims intimated during the year	2,20,809
3.	Claims disposed during the year	2,18,909
4.	Claims pending at the end of the year	52,686

Ageing of Pending Claims	Number of claims
Less than 3 months	13,077
3 months to 6 months	3,634
6 months to 1 year	5,055
1 year and above*	30,920

*Outstanding 1 year and above, includes 14697 claims under RSBY scheme which are pending for settlement, as premium is

yet to be settled by the Government and 15725 claims outstanding in respect of Motor Third Party.

MEANS OF COMMUNICATION:

In terms of IRDAI circular no.IRDA/F&I/CIR/F&A/012/01/2010 dated January 28, 2010, the Company published its half yearly financial statements as at March 31, 2018 and September 30, 2018 in Business Standard and Makkal Kural within the mandated timeline. The published half yearly financial statements included the information required pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in addition with the IRDAI requirements.

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

GENERAL BODY MEETINGS

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

AGM / EGM	DATE OF THE MEETING	RESOLUTIONS PASSED
17 th AGM	July 25, 2018	<ul style="list-style-type: none"> - Adoption of audited accounts for FY 2017-18; - Declaration of dividend at Rs.0.60/- per share; - Re-appointment of Mr. N Srinivasan as Director; - Ratification of appointment of joint statutory auditors and approval of remuneration; - Appointment of Mr. Margam Rama Prasad as Independent Director; - Appointment of Mr. M M Murugappan as Non-Executive Director; - Reappointment of Ms. Shubhalakshmi Panse as Independent Director
EGM	October 28, 2017	<ul style="list-style-type: none"> - Approval of Long Term Incentive to Mr. S S Gopalarathnam, Managing Director
16 th AGM	July 25, 2017	<ul style="list-style-type: none"> - Adoption of audited accounts for FY 2016-17; - Declaration of dividend at Rs.0.60/- per share; - Reappointment of Mr. Takahiko Shibakawa as Director; - Ratification of appointment of joint statutory auditors and approval of remuneration; - Approval of commission to Non-Executive Directors for further five years from 01.04.2018; - Approval for amendment of Articles of Association
EGM	February 6, 2017	<ul style="list-style-type: none"> - Issue of Unsecured Redeemable Non-Convertible debentures on a Private Placement Basis; - Reappointment of Managing Director; - Reappointment of Whole-time Director.
15 th AGM	July 26, 2016	<ul style="list-style-type: none"> - Adoption of audited accounts for FY 2015-16; - Reappointment of Mr. N Srinivasan as Director; - Appointment and ratification of appointment of joint statutory auditors and approval of remuneration; - Appointment of Mr. NSR Chandra Prasad as an Independent Director; - Appointment of Mr. Tamaki Kawate as Director.
EGM	July 26, 2016	<ul style="list-style-type: none"> - Approval of revision in remuneration of Mr. S S Gopalarathnam, Managing Director of the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES:

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

For and on behalf of the Board

April 22, 2019
Chennai

M M Murugappan
Chairman

CERTIFICATION FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES FOR 2018-19

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

April 22, 2019
Chennai

Suresh Krishnan
Company Secretary

POLICY FOR BOARD NOMINATIONS

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

QUALIFICATIONS:

PERSONAL TRAITS

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

EXPERIENCE AND BACKGROUND

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

FIT AND PROPER

- The intangibles of demeanour, attitude and interpersonal skills that indicate the candidate will be an effective

member of the Board of Directors "team" in a major company setting;

- Should act on fully informed basis, in good faith, with due diligence and care and in the best interest of the Company and its stakeholders;
- Should be able to exercise objective independent judgement on corporate affairs;
- Special skills, expertise and background that contribute to the diversity of views and perspective of the Board as a whole;
- With respect to Directors being nominated for Independent position, the candidate should comply with the "Independence qualifications" as defined by applicable laws;
- Willingness to devote sufficient time to carry out the duties and responsibilities effectively, including attendance at meetings;
- Willingness to undertake appropriate induction and regularly update and refresh his/ her skills, knowledge and familiarity with the Company;
- Commitment to representing the long-term interests of the shareholders and balancing the interests of stakeholders;
- Willingness to challenge management in a constructive manner while working effectively as a part of a team in an environment of collegiality and trust;
- Adhere to the code of conduct of the Company;
- Protecting the legitimate interests of the Company, its shareholders and employees and maintain confidentiality;
- Meets the age criteria and applicable tenor restrictions placed by the Board;
- Absence of an unacceptable number of other board commitments;
- Absence of personal and business relationships/directorship that would pose a conflict of interest to the Board position;
- Not being an agent or an intermediary or an insurance intermediary or a director on the Board of an intermediary / corporate agent of the Company, unless with the prior approval of IRDAI;
- Absence of unfair obstruction in the functioning of the Board/Committees.

POSITIVE ATTRIBUTES:

The positive attributes for a director would encompass:

- Ethical Integrity & transparency;
- Has/acquires sufficient knowledge in the Company's business and operations;
- Demonstrate sound judgment gained through experience & expertise in management/ technical/ financial /governance or regulatory matters;
- Foresight - ability to see and prepare for future, anticipate needs, opportunities and threats;
- Managerial abilities required to lead and guide the management such as effective communication skills, cultural sensitivity, flexibility, team player, strategic thinking, balancing risk with opportunity, ability to juggle several variables and make complicated decisions etc.

INDEPENDENCE STANDARDS:

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

Two core objectives in selecting Board members and continued Board service are that the skills, experiences and

perspectives of the Board as a whole should be broad and diverse, and the collective talent should blend together to be as effective as possible.

RETIREMENT:

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

Annexure C

CRITERIA FOR APPOINTMENT OF SENIOR MANAGEMENT

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

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

PERSONAL TRAITS

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

COMPETENCIES

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

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

EXPERIENCE AND BACKGROUND

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

FIT

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

RETIREMENT

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

REMUNERATION POLICY

1. PREAMBLE

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

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

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

2. REMUNERATION OF NON-EXECUTIVE DIRECTORS

2.1. Non-Executive Directors ("NEDs") will be paid remuneration by way of Sitting Fees and Commission. The remuneration/ commission/ compensation to the NEDs will be decided by the Board in accordance with this policy.

2.2. As approved by the shareholders at the shareholders general meeting, commission will be paid at a rate computed in accordance with Section 198 of the Companies Act, 2013 read with relevant IRDAI guidelines. The commission to be paid will be restricted to a fixed sum within the above limit annually on the basis of their tenure in office during the financial year.

2.3 Commission payable to non executive directors other than Chairman of the Board, shall not exceed the maximum limit stipulated in the "Guidelines". For Chairman, the commission payable may be decided by the Board subject to statutory ceiling and approvals as may be required under relevant authority.

2.4. The payment of the Commission to the NEDs will be placed before the Board every year for its consideration and approval. The sitting fee payable to the NEDs for attending the Board and Committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.

2.5. Keeping with evolving trends in industries and considering the time and efforts spent by specific NEDs, the practice

of paying differential commission will be considered by the Board.

2.6. Independent Directors will not be eligible to receive stock options under the employee stock option scheme(s) ("ESOP") of the Company, if any.

3. REMUNERATION OF MANAGING DIRECTORS (MD) / WHOLETIME DIRECTORS (WTD) / CHIEF EXECUTIVE OFFICERS (CEO)

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

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

3.2 The NRC will determine the annual increment and the annual variable pay in the form of the annual incentive for the MD/WTD/CEO based on Company's and individual's performance as against the pre-agreed objectives for the year. The business plan as approved by the Board and the various parameters as specified in the Balance Score Card would form the basis of determination of variable pay compensation.

3.3 Grants under ESOP Scheme, if any, shall be approved by the NRC and shall be governed by the norms prescribed in the guidelines and SEBI regulations as applicable.

3.4 In case of inadequacy of profit in any financial year, the remuneration payable to MD/WTD/CEO shall be further subject to the relevant provisions of the Companies Act and IRDAI regulations as applicable.

3.5 MD/WTD/CEO will not be paid sitting fees for any Board/Committee meetings attended by them.

4. REMUNERATION TO KEY MANAGERIAL PERSONNEL / OTHER EMPLOYEES

4.1 The Company's total compensation for Key Managerial Personnel as defined under the Companies Act, 2013 / other employees will consist of:

- Fixed compensation
- Variable compensation in the form of annual incentive
- Benefits
- Work related facilities and, perquisites

4.2 In addition, select senior executives will be eligible for long-term incentive plan, which among others may include, in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP Scheme will be approved by the NRC.

4.3 Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation will include Basic Salary, Housing Allowance, Leave Travel Allowance and a cash allowance.

4.4 The Annual and long term Incentive (variable pay) of executives will be linked directly to the performance of the relevant business unit and the Company in accordance with the Employees Incentive Scheme of the Company as formulated from time to time.

4.5 Based on the grade and seniority of employees, Benefits for employees include:

4.5.1. Health-Related

4.5.2. Health (hospitalization) insurance

4.5.3. Accident and Life insurance

4.5.4. Retirement-Related

4.5.5. Contribution to a Superannuation Fund (in addition to statutory benefits such as Provident Fund account, Gratuity, etc.)

4.6 Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the Grade of the employee.

4.7 A formal annual performance management process will be applicable to all employees, including senior executives and Key Managerial Personnel. Annual increases in fixed and variable compensation of individual executives will be directly linked to the performance ratings of individual employee.

4.8 Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.

4.9 Employees may be eligible for ESOPs as per the ESOP scheme, if any, approved by the Shareholders and in force from time to time. The objective of the ESOP scheme will be to reward employees for their contribution to the long term growth and profitability of the Company by providing a platform to share the value they create for the Company.

4.10 Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

5. COMMITTEE MEMBERS INTEREST

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

6. ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION

6.1 This Remuneration Policy and any changes thereof will be approved by the Board of Directors based on the recommendation(s) of the NRC.

6.2 The policy shall be reviewed annually.

6.3 Norms as prescribed by IRDAI or any other applicable statutory authority, as applicable, from time to time with regard to remuneration of non executive directors and MD/WTD/CEO shall be complied with.

6.4 Disclosures of this Remuneration Policy would be made at such places as may be required under any applicable Statute

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

(MR - 3)

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

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

Based on our verification of the Insurance Company's books, documents, minute books, forms and returns filed and other records maintained by the Insurance Company and also the information provided by the Insurance Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Insurance Company has, during the audit period for the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Insurance Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, documents, minuteS books, forms and returns filed and other records maintained by the Insurance Company for the financial year ended on 31st March, 2019 according to the provisions of:

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

regulations made thereunder does not arise;

- (v) The Insurance Company has listed its debt securities in the National Stock Exchange of India Limited and hence the following provisions are applicable and complied:

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

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

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

- (vi) The Other Laws specifically applicable to the Insurance Company are as mentioned below:
 - Insurance Act, 1938
 - Insurance Rules, 1939
 - IRDAI Regulations, Guidelines, circulars, directions and notifications made thereunder.

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

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

(ii) Chapters II, III and V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that

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

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

Based on the verification of the records and minutes, the decisions were carried out with the consent of the Board of

Directors / Committee Members and there were no dissenting Directors / Members views recorded in the minutes.

We further report that based on review of compliance mechanism established by the Insurance Company and on the basis of the Compliance certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period, that there were no specific events having major bearing on the Company's affairs in pursuance of above referred Laws, Rules, Regulations, Guidelines and standards during the period under review.

PLACE : CHENNAI
DATE : APRIL 22, 2019

For R.SRIDHARAN & ASSOCIATES
COMPANY SECRETARIES

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

CORPORATE SOCIAL RESPONSIBILITY POLICY

PREAMBLE

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

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

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

CORPORATE SOCIAL RESPONSIBILITY PURPOSE STATEMENT

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

We are committed to identifying and supporting programmes aimed at:

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

- Providing support for initiatives aimed at improvements in Road Safety

SCOPE

This policy will apply to all projects/programmes undertaken as part of the Company's Corporate Social Responsibility and will be developed, reviewed and updated periodically with reference to relevant changes in corporate governance, international standards and sustainable and innovative practices. The policy will maintain, at all times, compliance and alignment with the activities listed in Schedule VII and Section 135 of the Companies Act, 2013 and the rules framed thereunder.

GOVERNANCE

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

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

CSR SPEND

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

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

IMPLEMENTATION

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

The Company shall implement its CSR programmes/projects:

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

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

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

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

CSR PROGRAMMES/PROJECTS

The Company would be adopting a focused and a structured approach towards implementing its CSR initiatives. It has identified thematic and programme areas to guide the design, intent and approach of its CSR initiatives. These are broad thematic areas with focus on quality service delivery and empowerment.

The programme areas are:

- Providing basic health care facilities to economically backward societies across geographical areas,
- Improving access to education,
- Provision of Skill Development/Vocational Training,
- Rural Development,
- Environmental sustainability,
- Promoting Sports, Arts & Culture,
- Sustainable livelihood including setting up old age homes,

day care centres and such other facilities for senior citizens,

- Road safety campaigns,
- Disaster Relief Programmes,
- Any other programme that falls under CSR Policy and which are in alignment with the activities listed in Schedule VII and Section 135 of the Companies Act, 2013 and the rules framed thereunder.

MONITORING AND REPORTING

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

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

1. Clear objectives developed out of the societal needs that may be determined through need assessment studies and research (secondary or primary);
2. Clear targets, timelines and measureable indicators, wherever possible;

A progress monitoring and reporting framework that is aligned with the requirements of Section 135 of the Companies Act 2013 and the CSR Rules.

ANNUAL REPORT ON CSR ACTIVITIES DURING FY 2018-19

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

The Company would be adopting a focused and a structured approach towards implementing its CSR initiatives. It has identified thematic and programme areas to guide the design, intent and approach of its CSR initiatives. These are broad thematic areas with focus on quality service delivery and empowerment. The programme areas are:

- Providing basic health care facilities to economically backward societies across geographical areas,
- Improving access to education, including road safety awareness campaign
- Eradicating hunger and poverty, through livelihood generation and skill development, setting up old age homes, day care centres and such other facilities for senior citizens
- Supporting environmental and ecological balance, conservation of natural resources and similar programmes.
- Rural Development
- Promotion of sports through training of sportspersons,
- Promoting Arts & Culture

CSR Policy is attached as Annexure F to the Director's report. The policy is also available on the website of the Company at: <https://www.cholainsurance.com/CholaWebapi/UploadedFiles/CorporateSocialResponsibilityPolicy.pdf>

2. Composition of the CSR Committee:

Mr. M M Murugappan (Non Executive Director & Chairman)
Mr. Margam Rama Prasad (Independent Director)
Mr. S S Gopalarathnam (Managing Director)
Mr. Takahiko Shibakawa (Wholetime Director)

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

Average net profit: ₹ 27,763 Lakh

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

Amount required to be spent towards CSR: ₹ 555 Lakhs

5. Details of CSR spent during the financial year.

- a. Total amount spent for the financial year : ₹ 569 lakhs
- b. Amount unspent: Nil
- c. Manner in which the amount spent during the financial year is detailed below.

(₹ Lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (a) Local area or other (b) State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects Subheads: (a) Direct expenditure on projects or (b) overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct (D) or through Implementing Agency (IA)
1	Contribution to Murugappa Polytechnic College for meeting operational expenses and providing additional infrastructure in the form of ventilators, shutters, grills, open staircase, compound wall, development of play ground with track and up-gradation of laboratories	Improving Access to Education	Avadi, Chennai, Tamil Nadu	221.50	221.50	221.50	IA AMM Foundation, Chennai
2	Contribution to Sir Ramaswami Mudaliar Higher Secondary School for funding its operations	Improving Access to Education	Ambattur, Chennai, Tamil Nadu	41.00	41.00	41.00	IA AMM Foundation, Chennai

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (a) Local area or other (b) State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects Subheads: (a) Direct expenditure on projects or (b) overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct (D) or through Implementing Agency (IA)
3	Contribution towards funding the operation of Mobile Science Lab	Improving Access to Education	Sivagangai, Tamil Nadu	15.00	15.00	15.00	IA AMM Foundation, Chennai
4	Contribution towards Infrastructural Development and Improvisation of WaSH Facilities for Panchayat Union Primary School	Improving Access to Education	Tiruvallur, Tamil Nadu	19.81	19.81	19.81	IA United Way of Chennai, Chennai
5	Contribution for construction of 1 st floor to the hostel building and provision of amenities for tribal girls	Improving Access to Education	Bharno Village, Gumla, Jharkhand	14.64	14.64	14.64	IA Vikas Bharti Bishunpur
6	Contribution towards scholarship for 15 economically weaker students	Improving Access to Education	Chennai, Tamil Nadu	10.00	10.00	10.00	IA IIT - Madras, Chennai
7	Contribution for funding distribution of children's Magazine to students of 5 Government schools	Improving Access to Education	Tiruvallur, Tamil Nadu	3.00	3.00	3.00	IA Community Organisation for Rural Development, Chennai
8	Contribution towards scholarship for education of students from disadvantaged sections of the society	Improving Access to Education	Chennai, Tamil Nadu	1.00	1.00	1.00	IA The Ojas Trust, Chennai
9	Contribution for conducting road safety awareness campaigns for bus drivers and conductors of Metropolitan Transport Corporation	Improving Access to Education (Road Safety)	Chennai, Tamil Nadu	24.98	24.98	24.98	D
10	Contribution for conducting road safety awareness campaigns for bus drivers of State Express Transport Corporation	Improving Access to Education (Road Safety)	Tamil Nadu	24.96	24.96	24.96	D
11	Contribution for setting up Neonatal Step down Ward 1 & 2 in Government General Hospital	Promoting Health Care including Preventive Health Care	Kakinada, Andhra Pradesh	33.00	33.00	33.00	D

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (a) Local area or other (b) State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects Subheads: (a) Direct expenditure on projects or (b) overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct (D) or through Implementing Agency (IA)
12	Contribution towards free medical camps in tier 3/4 towns	Promoting Health Care including Preventive Health Care	Tamil Nadu, Andhra Pradesh, Telangana, Maharashtra, Gujarat covering 79 towns	15.97	15.97	15.97	D
13	Contribution towards free medical camp through Mobile Clinic	Promoting Health Care including Preventive Health Care	Tamil Nadu covering 48 locations	4.90	4.90	4.90	IA Hand in Hand India, Kanchipuram
14	Contribution towards free medical camp through Mobile Medical Unit	Promoting Health Care including Preventive Health Care	Chennai, Tamil Nadu covering 146 locations	3.75	3.75	3.75	IA Seva Bharati Chennai, Tamil Nadu
15	Contribution for Kerala Flood Relief	Promoting Health Care including Preventive Health Care	Paravur, Kochi, Kerala	0.51	0.51	0.51	D
16	Contribution for Gaja Cyclone Relief	Eradicating Hunger, Poverty and Malnutrition and Providing Safe Drinking Water	Thanjavur, Thiruvarur, Nagapattinam, Tamil Nadu	15.39	15.39	15.39	D
17	Contribution for Kerala Flood Relief	Eradicating Hunger, Poverty and Malnutrition and Providing Safe Drinking Water	Paravur, Kochi, Kerala	9.25	9.25	9.25	D
18	Contribution towards Design & Development of Prototype Agricultural Transportation System to help the farmers to reduce damage to the products in transit and also save on labour cost	Rural Development	Chennai, Tamil Nadu	22.55	22.55	22.55	IA IIT, Madras, Chennai
19	Contribution for renovation and providing machines for making food items for Senior Citizens	Promoting Facilities for Senior Citizen in Old Age Homes	Chennai, Tamil Nadu	15.00	15.00	15.00	IA Anandam, Chennai

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (a) Local area or other (b) State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects Subheads: (a) Direct expenditure on projects or (b) overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct (D) or through Implementing Agency (IA)
20	Contribution for Promotion of classical music, dance, drama and lecture demonstration by classical artists	Protection of Art & Culture and restoration of building for historical importance	Chennai, Tamil Nadu	17.26	17.26	17.26	IA Sri Parthasarathy Swamy Sabha, RR Sabha, The Madras Players, Sri Pratyaksha Charitable Trust and Sri Sankara Vimana Renovation Committee, Chennai
21	Contribution for providing 5 high end sports wheel chair to disabled sports women to train for competing in Tokyo Olympics 2020 (Paralympics Games)	Promoting Sports	Chennai, Tamil Nadu	11.30	11.30	11.30	IA DORCAS research centre for Education, Art and Culture, Chennai
22	Contribution for conducting ATP Men's tennis tournament providing opportunities for players to improve ranking	Promoting Sports	Chennai, Tamil Nadu	10.00	10.00	10.00	IA Tamil Nadu Tennis Association, Chennai
23	Contribution for Renovation and relaying of tennis court	Promoting Sports	Benguluru, Karnataka	7.02	7.02	7.02	D
24	Contribution for holding athletic meet for junior athletes	Promoting Sports	Chennai, Tamil Nadu	2.00	2.00	2.00	IA Bala Bhavan Educational Trust, Chennai
25	CSR Administrative Expenses	N.A.	N.A.	25.68	25.68	25.68	N.A.
	Total	N.A.	N.A.	569.47	569.47	569.47	N.A.

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

Not Applicable.

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

For and on behalf of CSR Committee

For Cholamandalam MS General Insurance Company Limited

M M Murugappan
Chairman

S S Gopalarathnam
Managing Director

Date: April 22, 2019,
Place: Chennai

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

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

I. REGISTRATION AND OTHER DETAILS:

CIN	U66030TN2001PLC047977
Registration Date	November 2, 2001
Name of the Company	Cholamandalam MS General Insurance Company Limited
Category / Sub-Category of the Company	Company limited by shares / Indian non-government Company
Address of the Registered office and contact details	Dare House, II floor, NSC Bose Road, Parrys, Chennai – 600001. Tel.: +91-44-4044 5400; Fax: +91-44-4044 5550
Whether listed company	No *
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Fintech Private Limited (formerly Karvy Computershare Private Limited) Karvy Selenium, Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500032. Tel.: +91-40-6716 2222; Toll Free: 1800 345 4001

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Cholamandalam Financial Holdings Limited (formerly TI Financial Holdings Limited) Dare House, No. 234, NSC Bose Road, Chennai – 600001.	L65100TN1949PLC002905	Holding Company	59.9%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category - wise Shareholding

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

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

(ii) Shareholding of Promoters

Sr. No	Shareholder's Name	Share holding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Cholamandalam Financial Holdings Limited (formerly TI Financial Holdings Limited) #	179282861	59.9	-	179282861	59.9	-	-
2.	Mitsui Sumitomo Insurance Company Limited	119522280	40	-	119522280	40	-	-
3.	Kartik Investments Trust Limited	103	-	-	103	-	-	-
4.	Ambadi Enterprises Limited	112	-	-	112	-	-	-
5.	Ambadi Investments Limited	223	-	-	223	-	-	-
6.	Murugappa Management Services Limited	111	-	-	111	-	-	-
7.	Chola People and Marketing Services Private Limited \$	10	-	-	10	-	-	-

Name of TI Financial Holdings Limited was changed to Cholamandalam Financial Holdings Limited

\$ Name of Chola People Services Private Limited was changed to Chola People and Marketing Services Private Limited

(iii) Change in Promoters' Shareholding

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding at the end of 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 Shareholding 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)

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

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

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

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: (₹ Lakh)

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Director's * and / or Manager: (₹ Lakh)

Sr. No	Particulars of Remuneration	Mr. S S Gopalarathnam, Managing Director
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	493.64
	(b) Value of perquisites under section 17(2) Income-tax Act,1961	0.56
	(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	-
	Total	494.20
	Ceiling as per the Act	1,200.67

* The terms of payment of Mr. Takahiko Shibakawa, Whole-time Director, is governed by secondment agreement with Joint venture partner, Mitsui Sumitomo Insurance Company Limited (MSI). As per the agreement, ₹ 25.33 lakh is payable as secondment fees (remuneration reimbursement & performance incentives) to MSI for FY 2018-19.

B. Remuneration to other directors:

1. Independent Directors (₹ Lakh)

Sr. No	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. A V Muralidharan*	Mr. NSR Chandra Prasad	Ms. Shubhalakshmi Panse	Mr. Margam Rama Prasad	
1.	Fee for attending Board / Committee meetings	-	4.50	2.40	3.65	10.55
2.	Commission #	2.38	7.50	7.50	5.14	22.52
3.	Others, please specify	-	-	-	-	-
	Total (1)	2.38	12.00	9.90	8.79	33.07

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

Commission paid during the year for FY 2017-18

2. Other Non-Executive Directors

(₹ Lakh)

Sl. No	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. M M Murugappan	Mr. P V Bhide *	Mr. N Srinivasan @	Mr. Sridharan Rangarajan**	Mr. Tamaki Kawate	
1.	Fee for attending Board / Committee meetings	3.95	-	2.25	2.65	2.55	11.40
2.	Commission #	3.18	8.67	7.50	-	7.50	26.85
3.	Others, please specify	-	-	-	-	-	-
	Total (2)	7.13	8.67	9.75	2.65	10.05	38.25
	Total (B) = (1+2)						71.32
	Overall ceiling as per the Act						240.13

* Ceased to be a director with effect from October 28, 2017

@ Ceased to be a director with effect from July 26, 2018

** Appointed on the Board with effect from October 24, 2018

Commission paid during the year for FY 2017-18

C. Remuneration to key managerial personnel other than MD / Manager / WTD

(₹ Lakh)

Sl. No	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
		Mr. Suresh Krishnan, Company Secretary	Mr. S Venugopalan, Chief Financial Officer		
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	82.22	113.69		195.91
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	0.35	0.45		0.80
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-		-
2.	Stock Option	-	-		-
3.	Sweat Equity	-	-		-
4.	Commission				
	- as % of profit	-	-		-
	- others	-	-		-
5.	Others, please specify	-	-		-
	Total	82.57	114.14		196.71

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishments / compounding of offences for breach of any section of the Companies Act against the Company or its Directors or other officers in default for the year ending March 31, 2019.

**Information under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies
(Appointment and Remuneration of Managerial Personnel)
Rules, 2014 and forming part of the Board's report for the year ended March 31, 2019**

Nature of Disclosure	Particulars		
a) Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Name / Designation	% increase in remuneration in FY 2019 as compared to FY 2018	Ratio of Remuneration to Median Remuneration of employees
	Mr. M M Murugappan, Non-Executive Chairman	NA since served only for a part of the previous FY	0.71:1
	Mr. Margam Rama Prasad, Independent Director	NA since served only for a part of the previous FY	0.88:1
	Ms. Shubhalakshmi Panse, Independent Director	(12.78)	0.99:1
	Mr. N S R Chandra Prasad, Independent Director	(0.83)	1.20:1
	Mr. N Srinivasan, Non-Executive Director (till July 26, 2018)	NA since served only for a part of the FY	0.98:1
	Mr. Sridharan Rangarajan, Non-Executive Director (from October 24, 2018)	NA since served only for a part of the FY	0.27:1
	Mr. Tamaki Kawate, Non-Executive Director	(13.11)	1.01:1
	Mr. S S Gopalarathnam, Managing Director	69.96	49.51:1
	Mr. Takahiko Shibakawa, Wholetime Director	-	-
b) Percentage increase in remuneration of CFO, CS in the financial year	Name / Designation	% increase in remuneration in 2019 as compared to 2018	
	Mr. S Venugopalan, Chief Financial Officer	NA since served only for a part of the previous FY	
	Mr. Suresh Krishnan, Company Secretary	42.58	
c) Percentage increase in median remuneration of employees in the financial year	9.03% increase in median remuneration		
d) Number of permanent employees in the rolls of Company as on March 31, 2019	563		
e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	For employees other than managerial personnel who were in employment for the whole of FY 18 and FY 19, the average increase is 14.18%. The average increase for managerial personnel is 65.41%. The exceptional circumstance for increase in managerial remuneration is due to introduction of Long Term Incentive to Senior Management of the Company from FY 2017-18. Accordingly KMPs were paid a Long Term Incentive as per the plan approved by the Board resulting in increase of remuneration.		
f) Affirmation that the remuneration is as per the remuneration policy of the company	The remuneration is in line with the remuneration policy of the Company		

On behalf of the Board

Place: Chennai
Date: April 22, 2019

M M Murugappan
Chairman

MANAGEMENT REPORT

Registration No: 123

Date of Registration with the IRDA: July 15, 2002

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

1. We confirm that the registration certificate granted by the Insurance Regulatory and Development Authority to transact general insurance business is valid and the same has been renewed for the year 2019-2020.
2. To the best of our knowledge and belief, all material sums payable to the statutory authorities, other than contested claims, have been duly paid.
3. We confirm that during the year, the shareholding pattern was in accordance with the statutory / regulatory requirements. No transfer of shares was effected during the year ended March 31, 2019.
4. We declare that the funds of holders of policies issued in India have not been directly or indirectly invested outside India.
5. We confirm that the required solvency margins as prescribed under the Insurance Act, 1938 and the Insurance Regulatory and Development Authority (Assets, Liabilities and Solvency Margin of the Insurers) Regulations, 2016 read together with Circular No. 12/IRDA/F&A/CIR/May-09 dated May 26, 2009, Circular No. IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013, Circular No. IRDA/F&A/CIR/CLE/114/05/2015 dated 28th May 2015 and IRDA/ACT/CIR/SLM/066/03/2017 dated March 28, 2017 have been maintained during the year ended March 31, 2019.
6. We certify that the values of all the assets have been reviewed on the date of the Balance Sheet. To the best of our belief the assets set forth in the Balance Sheet as at March 31, 2019, read together with the accounting policies, are shown in the aggregate at amounts not exceeding their realizable or market value wherever applicable. These assets are categorised under the headings – "Loans", "Agents Balances", "Outstanding Premiums", "Interest, Dividend and Rents Outstanding", "Interest, Dividend and Rents Accruing but Not Due", "Amounts Due from Other Persons or Bodies Carrying on Insurance Business", "Sundry Debtors", "Bills Receivable", "Cash" and several items specified under "Other Accounts".
7. The Company is exposed to a variety of risks associated with its insurance business and the investment portfolio. The Risk Committee of the Board oversee the risk management processes, Asset-Liability Management

process and lays down the risk appetite of the Company. The Company periodically reviews and updates detailed Risk Registers in respect of all areas of operations. The Company has in place a Business Continuity Management (BCM) framework.

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

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

8. The Company does not have operations in any other country.
9. The information relating to the trend of claim settlements for the years ended March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 is detailed in Annexure 1.
10. As at March 31, 2019, the investments of the Company comprise of investments in Government securities (both Central & State Govt securities), housing, infrastructure and other corporate bonds, alternate investment fund, fixed deposits with banks, money market instruments, other investments, property and listed equity shares. The investments in Government securities, housing, infrastructure and other corporate bonds are considered as "held to maturity" and are measured at historical cost subject to amortization. Investments in fixed deposits of banks are measured at face value. Investments in listed equity shares are measured at the last quoted price and the unrealised gain / loss credited to Fair Value Change Account except where the extent of diminution in value is considered permanent in which case an appropriate level of provisioning is carried.
11. The Company has adopted a prudent investment policy with emphasis on balancing requirements on portfolio duration, maintaining liquidity and optimising returns. Emphasis has been on investing in low risk investments such as Government securities, fixed deposits with banks, corporate bonds with minimum credit rating of AA- and with a

presence in equity. The Company carries out a periodic review of the investment portfolio and the investment policy. The management is confident of the quality and performance of the investments except those referred in Note 7 of the Schedule 16.

12. The Management of Cholamandalam MS General Insurance Company Limited certifies that:

- a) the financial statements have been prepared in accordance with applicable accounting standards read together with the regulations stipulated and Orders / Circulars/ letters issued by the IRDA, the provisions of the Insurance Act, 1938 and the Companies Act, 2013 and disclosures have been made wherever the same is required. There is no other material departure from the accounting standards and generally accepted accounting principles in the general insurance industry.
- b) the Company has adopted accounting policies and applied them consistently (including those specifically required by various IRDA regulations) and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as of March 31, 2019, and of the profit for the year ended March 31, 2019.
- c) the Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938 and the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the financial statements of the Company have been prepared on a going concern basis.

- e) the Company has an internal audit system commensurate with the size and nature of the business. The management certifies that adequate internal control systems and procedures were in existence for this financial year.

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

14. There are no payments made to individuals, firms, companies, and organisations, other than related parties, in which directors are interested in terms of Section 184 of the Companies Act, 2013. Transactions with related parties in terms of Accounting Standard 18 are included in Note 21 of Schedule 16 to the financial statements.

For and on behalf of the Board of Directors

M M Murugappan
Chairman

S S Gopalarathnam
Managing Director

Sridharan Rangarajan
Director

Takashi Kishi
Wholetime Director

Suresh Krishnan
Company Secretary

S Venugopalan
Chief Financial Officer

Place : Chennai
Date : April 22, 2019

TREND OF CLAIMS SETTLEMENT FOR THE LAST FIVE FINANCIAL YEARS

Period	No. of Claims								
	Engg	Fire	Liability	Marine	Misc	Accident	Health	Travel	Motor
30 days									
2018-19	241	810	1,392	19,451	1,187	1,055	24,130	37	85,621
2017-18	327	247	819	18,748	599	1,114	21,476	28	73,203
2016-17	172	131	300	15,450	305	790	16,564	40	72,158
2015-16	167	628	34	12,667	521	701	12,994	28	52,168
2014-15	83	71	37	12,971	1,091	225	18,455	124	65,656
30 days to 6 months									
2018-19	564	2,083	103	5,948	1,429	889	738	60	34,112
2017-18	362	1,345	284	4,611	931	794	445	64	35,341
2016-17	444	577	231	5,523	1,208	863	3,281	67	33,450
2015-16	488	646	152	5,036	959	916	8,395	63	25,597
2014-15	330	361	335	4,351	269	869	36,969	-	5,621
6 months to 1 year									
2018-19	80	151	22	538	47	54	26	5	4,179
2017-18	78	354	42	463	44	88	1	7	4,317
2016-17	97	164	37	650	70	62	36	13	4,115
2015-16	95	116	17	302	22	59	465	8	3,953
2014-15	83	136	42	482	10	290	-	-	3,863
1 year to 5 years									
2018-19	18	21	10	61	-	6	92	4	5,311
2017-18	15	165	29	81	14	19	-	6	5,698
2016-17	15	39	13	133	8	18	160	18	5,942
2015-16	41	29	5	113	44	22	521	2	6,473
2014-15	24	47	14	152	11	71	-	-	6,267
5 years and above									
2018-19	1	3	1	1	-	5	-	-	478
2017-18	2	7	2	3	-	15	-	1	479
2016-17	-	4	1	10	2	12	2	1	392
2015-16	5	8	54	17	13	14	3	-	1,602
2014-15	1	1	2	-	-	73	-	1	636

TREND OF CLAIMS SETTLEMENT FOR THE LAST FIVE FINANCIAL YEARS

(₹ Lakh)

Period	Amount Claimed								
	Engg	Fire	Liability	Marine	Misc	Accident	Health	Travel	Motor
30 days									
2018-19	108	251	327	1,422	50,365	2,542	9,819	38	19,464
2017-18	82	228	222	1,490	4,410	2,469	7,992	11	15,579
2016-17	13	39	80	1,245	2,150	1,436	5,452	14	15,613
2015-16	28	281	7	489	1,705	867	3,810	20	11,180
2014-15	13	153	4	729	854	298	2,065	479	21,324
30 days to 6 months									
2018-19	309	3,559	79	2,578	7,737	3,242	356	271	43,165
2017-18	341	1,326	191	2,462	3,783	2,444	234	59	43,693
2016-17	305	1,863	163	3,207	7,056	1,970	1,688	47	40,134
2015-16	349	3,054	67	3,022	7,925	1,670	3,062	121	28,234
2014-15	286	1,686	108	1,940	7,372	1,401	5,617	9	9,598
6 months to 1 year									
2018-19	282	1,373	79	517	773	175	7	14	17,831
2017-18	107	1,643	42	806	578	175	20	43	18,073
2016-17	390	9,556	54	882	441	151	9	58	15,947
2015-16	331	1,665	98	1,121	442	120	60	37	13,963
2014-15	90	1,949	61	908	31	520	-	-	10,338
1 year to 5 years									
2018-19	174	9,160	41	(85)	200	33	14	70	38,288
2017-18	269	8,517	115	452	570	96	6	83	35,087
2016-17	385	3,561	67	245	9	65	14	49	33,803
2015-16	422	1,164	36	944	8,832	67	130	49	29,628
2014-15	473	2,380	81	428	39	145	-	-	21,481
5 years and above									
2018-19	25	479	1	24	14	6	-	-	5,518
2017-18	-	6	9	62	-	23	-	10	4,329
2016-17	-	7	-	1	10	32	1	23	2,076
2015-16	6	63	25	19	2	17	4	-	2,361
2014-15	51	6	12	-	-	53	-	8	1,489

AUDITOR'S REPORT

R.G.N. Price & Co

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

Sharp & Tannan

Chartered Accountants
Parsn Manere, A4, 3rdFloor,
602, Anna Salai,
Chennai – 600 006

Independent Auditors' Report To the Members of Cholamandalam MS General Insurance Company Limited

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Cholamandalam MS General Insurance Company Limited ("the Company") which comprise the Balance Sheet as at March 31, 2019, the Profit and Loss Account, the Revenue Account and Receipts and Payments Statement of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (as amended) (the "IRDA Act"), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ("the IRDA Financial Statements Regulations"), Circulars / Orders / Directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI" / "Authority") in this regard, and the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Companies (Accounting Standards) Rules, 2006 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2019;
- b) in the case of Profit and Loss Account, of the profit for the year ended on that date;

- c) in the case of Revenue Account, of the operating profit for the year ended on that date;
- d) in the case of Receipts and Payments Statement, of the receipts and payments for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S No	Key Audit Matter	Our Audit Procedures Related to Key Audit Matter
1.	<p>Valuation of investment</p> <p>Please refer note 2(vii) to Schedule 16, Accounting policy for investments, Schedule 8 and 8A on Investments. Also refer note 7 to Schedule 16 on write off / provision for diminution in value of investments.</p> <p>We have considered this area as a Key Audit matter since the carrying value of investments as at 31 March, 2019 was ₹ 7,596 crore which is approximately 84% of assets of the Company. The management's assessment of the value of investment as on the reporting date involves management judgement which can materially impact the impairment loss, if any and the carrying value of investment.</p>	<ul style="list-style-type: none"> Reviewed the accounting policies used by the Company for accounting and disclosing Investments for compliance with the accounting framework / IRDA regulation. Assessed the adequacy of internal controls, evaluated the design and tested the operating effectiveness of such controls for initial recognition, measurement, subsequent valuation and disclosure of investments as on the reporting date as per application regulations. Traced the opening balance with audited closing balance of investment from previous year financial statements. Verified the movement in investment during the year on a test check basis using direct third-party confirmation, bank statements and other substantive procedures. Reviewed the process followed by the management in valuing the investments and independently reperformed the valuation check on a sample basis to confirm their appropriateness. Investments identified for impairment/write off by the management are verified on a 100% basis by independently assessing the risk of impairment loss and probability of realisation of investment value by considering publicly available information about the investee, directions issued by Regulators, Government, IRDA. We also reviewed the basis of assessment used by the Company's Investment committee and discussed the same with the head of Investment committee. We also checked the compliance with IRDA prudential norms for the assessment of impairment provision / write off.
2.	<p>Valuation of outstanding claims ("OC") including claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER)</p> <p>Please refer Schedule 2, Schedule 13(8) and Note No. 2(v) of Schedule 16 to financial statements</p> <p>Total OC including IBNR and IBNER provisions amounts to ₹ 4,231 crores (net of RI recoveries) as on 31st March 2019.</p> <p>We considered this as a key audit matter because the valuation of OC including IBNR and IBNER are significant in magnitude and requires use of judgements and estimates. OC including IBNR/IBNER are estimates for settlement of claims in future which are impacted by number of factors which includes the trends in severity of historical claims, frequency of historical claims and IRDA regulations. In particular, the claims arising from death or disability covered under motor insurance contracts involves complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions can materially impact the valuation of these liabilities.</p>	<p>In relation to this area, our audit response included the following:</p> <ul style="list-style-type: none"> We assessed and tested the operating effectiveness of key controls relating to the claims handling and reserving process, including controls over completeness and accuracy of the claim estimates recorded; Substantive tests were performed on the amounts recorded for a sample of OC, which are material to assess whether claims are appropriately estimated and recorded; We evaluated the competence and objectivity of the actuary appointed by the Management to review the adequacy of OC including IBNR and IBNER; Tested the completeness and accuracy of underlying insurance data provided by the Management to the Actuary on a sample basis; We assessed the adequacy of Company's related disclosures by reference to relevant accounting standards and IRDA Regulations.

S No	Key Audit Matter	Our Audit Procedures Related to Key Audit Matter
3.	<p>Contingent Liabilities:</p> <p>Please refer Note No. 6 of Schedule 16 to financial statements</p> <p>Total contingent liabilities as at 31st March 2019 is ₹ 310 Crores.</p> <p>We have considered this as a key audit matter because the Company has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p>	<p>In relation to this area, our audit response included the following:</p> <ul style="list-style-type: none"> • We reviewed the details of pending tax demands as at 31st March 2019. • We involved our internal experts to consider legal precedence and other rulings in evaluating the Management's position on these uncertain tax positions. • We also reviewed Company's correspondences with tax authorities, legal counsels, grounds of appeal filed with various appellate authorities and industry position on various tax disputes. • We also verified the adequacy of disclosures in the financial statements in this respect.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and receipts and payments of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act and the provisions of Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (as amended) (the "IRDA Act"), the Insurance Regulatory and Development Authority (Preparation

of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), circulars / orders / directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI" / "Authority") in this regard. 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 implementation and maintenance of accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management of the Company is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management of the Company either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the company.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the IRDA Financial Statements Regulations, we have issued a separate certificate dated April 22, 2019, certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDA Financial Statements Regulations.

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

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

- h. the estimate of claims Incurred but Not Reported [IBNR] and claims Incurred but Not Enough Reported [IBNER] has been certified by the Company's appointed actuary. The appointed actuary has certified to the Company that the assumptions used for such valuation are appropriate and are in accordance with the requirements of the IRDAI and Institute of Actuaries of India in concurrence with IRDAI. We have relied on the appointed actuary's certificate in this regard;
- i. on the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013;
- j. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
- k. with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended;

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- l. 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 statements – Refer Note 6 of Schedule 16 to the financial statements;
- (ii) the Company did not have any 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 during the year.

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

K. Venkatakrishnan
Partner
Membership No. 208591

Place: Chennai
Date: April 22, 2019

For Sharp & Tannan
Chartered Accountants
Registration No.003792S

V. Viswanathan
Partner
Membership No. 215565

INDEPENDENT AUDITOR'S CERTIFICATE

To the Members of Cholamandalam MS General Insurance Company Limited

(Referred to in our 'Report on Other Legal and Regulatory requirements forming part of the Independent Auditors' Report dated April 22, 2019)

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

Management's Responsibility for the statement

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

Auditors' Responsibility

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

Opinion

4. In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of account and

other records maintained by Cholamandalam MS General Insurance Company Limited (the 'Company') for the year ended March 31, 2019, we certify that:

- i. we have reviewed the management report attached to the financial statements for the financial year ended March 31, 2019 and there is no apparent mistake or material inconsistency therein with the financial statements;
- ii. based on the management representations and compliance certificates submitted to the Board of Directors, we certify that the Company has complied with the terms and conditions of registration stipulated by IRDAI vide their letter dated July 15, 2002;
- iii. we have physically verified the cash balances at the corporate office of the Company and certain select branch offices as at March 31, 2019 and have relied upon the certificates / confirmations received from the custodian and/or depository participants appointed by the Company in respect of the investments held by the Company as on that date;
- iv. the Company is not a trustee of any trust;
- v. no part of the assets of the policyholders' funds have been directly or indirectly applied in contravention of the provisions of the Insurance Act relating to application and investment of policyholders' funds.

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

For Sharp & Tannan
Chartered Accountants
Registration No. 003792S

K. Venkatakrishnan
Partner
Membership No. 208591

V. Viswanathan
Partner
Membership No. 215565

Place: Chennai
Date: April 22, 2019

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls over financial reporting of Cholamandalam MS General Insurance Company Limited ("the Company") as at March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for the Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the provisions of Section 11 of Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 ("the Insurance Act"), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ("the Regulations"), circulars / orders / directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI"/ "Authority") and the provisions of the Companies Act, 2013 ("the Act").

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

K. Venkatakrishnan
Partner
Membership No. 208591

Place: Chennai
Date: April 22, 2019

For Sharp & Tannan
Chartered Accountants
Registration No.003792S

V. Viswanathan
Partner
Membership No. 215565

BALANCE SHEET

as at March 31,2019

FORM B-BS

Registration No.123

Date of Registration with the IRDA July 15, 2002
(₹ '000)

Particulars	Schedule	As at Mar 31,2019	As at Mar 31,2018
Source of Funds			
Share Capital	5	2,988,057	2,988,057
Reserves and Surplus	6	11,546,479	9,973,242
Fair Value Change Account - Shareholders		14,934	15,882
Fair Value Change Account - Policyholders		129,537	126,135
Borrowings	7	1,000,000	1,000,000
TOTAL		15,679,007	14,103,316
APPLICATION OF FUNDS			
Investments - Shareholders	8	7,848,895	7,114,879
Investments - Policyholders	8A	68,112,083	56,511,892
Loans	9	-	-
Fixed Assets	10	686,952	703,122
Deferred Tax Asset (Refer Note 18 of Schedule 16)		1,623,357	772,995
Current Assets			
Cash and Bank Balances	11	638,287	627,247
Advances and Other Assets	12	12,033,525	11,984,841
Sub-Total (A)		12,671,812	12,612,088
Current Liabilities			
Provisions	14	22,671,483	19,624,815
Sub-Total (B)		75,264,092	63,611,660
Net Current Assets (C) = (A - B)		(62,592,280)	(50,999,572)
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit and Loss Account (net of reserves)		-	-
TOTAL		15,679,007	14,103,316
Notes to Financial Statements	16		

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

For and on behalf of the Board of Directors

For RGN Price & Co.
Chartered Accountants
Firm Regn No.002785S

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

M M Murugappan
Chairman

S S Gopalarathnam
Managing Director

K Venkatakrisnan
Partner
M. No. No.208591

V Viswanathan
Partner
M. No. 215565

Sridharan Rangarajan
Director

Takashi Kishi
Wholetime Director

Place: Chennai
Date : April 22, 2019

Suresh Krishnan
Company Secretary

S Venugopalan
Chief Financial officer

PROFIT AND LOSS ACCOUNT

for the year ended March 31, 2019

FORM B-PL

Registration No.123

Date of Registration with the IRDA July 15, 2002
(₹ '000)

Particulars	Schedule	Year Ended Mar 31,2019	Year Ended Mar 31,2018
1. OPERATING PROFIT/(LOSS)			
(a) Fire Insurance		1,107,857	506,007
(b) Marine Insurance		56,086	65,878
(c) Miscellaneous Insurance		1,417,157	2,530,876
2. INCOME FROM INVESTMENTS			
(a) Interest and Dividend – Gross of TDS		520,370	471,576
(b) Profit on Sale of Investments		23,866	58,905
Less: Loss on Sale of Investments		-	-
3. OTHER INCOME		-	-
TOTAL (A)		3,125,336	3,633,242
4. PROVISIONS (Other than Taxation)			
(a) For Diminution in the Value of Investments		65,430	20,867
(b) For Doubtful Debts/Investments (Refer Note 7 of Schedule 16)		150,528	-
(c) Others		-	-
5. OTHER EXPENSES			
(a) Expenses Other Than those Related to Insurance Business		-	-
(b) Employees' Remuneration and Welfare Benefits		38,876	16,134
(c) Bad Debts/Investments Written Off (Refer Note 7 of schedule 16)		220,000	-
(d) Interest on Debenture & Debenture issue Related expenses		87,669	83,321
(e) Others - CSR Expenses & Donations (Refer Note 26 of schedule 16)		56,947	46,765
TOTAL (B)		619,450	167,087
Profit Before Tax		2,505,886	3,466,155
Provision for Taxation			
Current Tax (Current year - Including ₹ 158,712 thousands relating to previous years. Previous Year - NIL)		1,566,876	1,119,917
Deferred Tax (Current year - including ₹ 152,712 thousands relating to Previous years. Previous year NIL)		(850,362)	(79,819)
Profit After Tax		1,789,372	2,426,057
APPROPRIATIONS			
(a) Interim Dividends Paid During the Year		-	-
(b) Final Dividend Paid		(179,283)	(179,283)
(c) Dividend Distribution Tax Paid		(36,852)	(36,498)
(d) Transfer to Contingency Reserve for Unexpired Risks		-	-
(e) Transfer to General Reserve		(1,000,000)	(1,500,000)
(f) Transfer to Debenture Redemption Reserve		(100,000)	(100,000)
Balance of Profit Brought Forward from Previous Year		4,093,030	3,482,754
Balance Carried Forward to Balance Sheet		4,566,267	4,093,030
Earnings Per Share - Basic & Diluted (₹) (Refer Note 17 of Schedule 16)		5.99	8.12
Face value per share (₹)		10.00	10.00
Notes to Financial Statements	16		

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

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

For and on behalf of the Board of Directors

For RGN Price & Co.
Chartered Accountants
Firm Regn No. 002785S

For Sharp & Tannan
Chartered Accountants
Firm Regn No. 003792S

M M Murugappan
Chairman

S S Gopalathnam
Managing Director

K Venkatakrishnan
Partner
M. No. 208591

V Viswanathan
Partner
M. No. 215565

Sridharan Rangarajan
Director

Takashi Kishi
Wholetime Director

Place: Chennai
Date : April 22, 2019

Suresh Krishnan
Company Secretary

S Venugopalan
Chief Financial officer

RECEIPTS AND PAYMENTS STATEMENT

for the year ended March 31, 2019

Registration No.123

Date of Registration with the IRDA July 15, 2002

(₹ '000)

Particulars	Year Ended Mar 31,2019	Year Ended Mar 31,2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Policyholders - Premium on Direct Business	45,545,898	39,901,299
Other Receipts	6,701,661	5,480,946
Direct Claims Paid	(22,373,134)	(16,003,968)
Receipts / (Payments) from / to Reinsurers (Net)	(2,216,136)	(1,048,055)
Receipts / (Payments) from / to Co-insurers (Net)	(13,486)	29,630
Operating Expenses Paid	(7,854,265)	(9,661,160)
Commission Payments	(2,668,249)	(1,549,462)
Deposits and Advances Given (Net)	(125,680)	(1,186)
Taxes Paid	(1,736,944)	(1,451,239)
GST/Service Tax Paid	(7,582,885)	(5,966,313)
NET CASH FLOWS FROM OPERATING ACTIVITIES	7,676,779	9,730,492
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(189,544)	(228,871)
Proceeds on Disposal of Fixed Assets	19,035	33
Purchase of Investments	(156,149,531)	(151,531,759)
Sale of Investments	144,035,398	137,594,783
Rents/Interest/ Dividends Received	4,932,325	3,933,037
Expenses Related to Investments	(9,786)	(10,886)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(7,362,103)	(10,243,663)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issue of NCDs	-	1,000,000
Dividend paid including Distribution tax paid	(216,136)	(215,781)
Interest paid on NCD	(87,500)	(44,110)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(303,636)	740,109
Net Increase in Cash and Cash Equivalents	11,040	226,938
Cash and Cash Equivalents at Beginning of the Year	627,247	400,309
Cash and Cash Equivalents at End of the Year	638,287	627,247

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

For and on behalf of the Board of Directors

For RGN Price & Co.
Chartered Accountants
Firm Regn No. 002785S

For Sharp & Tannan
Chartered Accountants
Firm Regn No. 003792S

M M Murugappan
Chairman

S S Gopalarathnam
Managing Director

K Venkatakrisnan
Partner
M. No. 208591

V Viswanathan
Partner
M. No. 215565

Sridharan Rangarajan
Director

Takashi Kishi
Wholetime Director

Place: Chennai
Date : April 22, 2019

Suresh Krishnan
Company Secretary

S Venugopalan
Chief Financial officer

REVENUE ACCOUNT

for the year ended March 31, 2019

Registration No.123

FORM B-RA

Date of Registration with the IRDA July 15, 2002

(₹ '000)

Sr. Particulars No.	Schedule	Fire Business		Marine Business		Miscellaneous Business		Total	
		Year Ended Mar 31, 2019	Year Ended Mar 31, 2018	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018
1. Premiums Earned (Net)	1	926,409	811,877	184,285	158,497	29,388,248	27,268,042	30,498,942	28,238,416
2. Profit / Loss on Sale / Redemption of Investments (Net)		7,473	26,641	474	1,136	199,164	440,091	207,111	467,868
3. Others									
Administrative Charges		913	846	584	573	322	423	1,819	1,842
Investment income from pool (Terrorism pool)		62,036	56,440	-	-	16,982	15,672	79,018	72,112
4. Interest and Dividend (Gross of TDS)		162,947	213,284	10,325	9,094	4,371,984	3,598,685	4,545,256	3,821,063
TOTAL (A)		1,159,778	1,109,088	195,668	169,300	33,976,700	31,322,913	35,332,146	32,601,301
1. Claims Incurred (Net)	2	369,535	125,950	108,667	89,451	22,876,793	20,268,226	23,354,995	20,483,627
2. Commission (Net)	3	(517,575)	7,626	(50,135)	(46,207)	694,945	461,872	127,235	423,291
3. Operating Expenses Related to Insurance Business	4	199,961	469,505	81,050	60,178	8,987,805	8,061,939	9,268,816	8,591,622
4. Premium Deficiency		-	-	-	-	-	-	-	-
TOTAL (B)		51,921	603,081	139,582	103,422	32,559,543	28,792,037	32,751,046	29,498,540
Operating Profit (A - B)		1,107,857	506,007	56,086	65,878	1,417,157	2,530,876	2,581,100	3,102,761
APPROPRIATIONS									
Transfer to Shareholders' Account		1,107,857	506,007	56,086	65,878	1,417,157	2,530,876	2,581,100	3,102,761
Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
Transfer to Other Reserves		-	-	-	-	-	-	-	-
TOTAL (C)		1,107,857	506,007	56,086	65,878	1,417,157	2,530,876	2,581,100	3,102,761

Notes to Financial Statements 16

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

This is the Revenue Account referred to in our Report of even date attached

For and on behalf of the Board of Directors

For RGN Price & Co.
Chartered Accountants
Firm Regn No. 002785S

For Sharp & Tannan
Chartered Accountants
Firm Regn No. 003792S

K Venkatakrisnan
Partner
M. No.208591

V Viswanathan
Partner
M. No. 215565

M M Murugappan
Chairman

S S Gopalarathnam
Managing Director

Sridharan Rangarajan
Director

Takashi Kishi
Wholetime Director

Suresh Krishnan
Company Secretary

S Venugopalan
Chief Financial officer

Place: Chennai
Date : April 22, 2019

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 1 - PREMIUM EARNED (NET)

(₹ '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018
Premium from Direct Business Written	2,646,146	3,254,076	749,944	7,11,725	40,885,509	37,059,878	44,281,599	41,025,679
Add: Premium on Reinsurance Accepted	81,582	76,818	-	-	27,939	26,388	109,521	103,206
Less: Premium on Reinsurance Ceded	2,096,315	1,251,404	559,565	5,46,652	8,212,021	7,418,196	10,867,901	9,216,252
Net Premium	631,413	2,079,490	190,379	1,65,073	32,701,427	29,668,070	33,523,219	31,912,633
Adjustment for Change in Provision for Unexpired Risks	(294,996)	1,267,613	6,094	6,576	3,313,179	2,400,028	3,024,277	3,674,217
Total Premium Earned (Net)	926,409	811,877	184,285	1,58,497	29,388,248	27,268,042	30,498,942	28,238,416
Note:								
Premium Income from business effected:								
In India	926,409	811,877	184,285	1,58,497	29,388,248	27,268,042	30,498,942	28,238,416
Outside India	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	926,409	811,877	184,285	1,58,497	29,388,248	27,268,042	30,498,942	28,238,416

SCHEDULE 2 - CLAIMS INCURRED (NET)

(₹ '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018
Claims Paid								
Direct	1,482,200	1,172,142	445,611	527,224	20,473,206	14,356,911	22,401,017	16,056,277
Add: Reinsurance Accepted	5,980	3,164	-	-	942	665	6,922	3,829
Less: Reinsurance Ceded	1,146,346	976,374	347,201	440,960	6,714,072	1,763,728	8,207,619	3,181,062
Net Claims Paid	341,834	198,932	98,410	86,264	13,760,076	12,593,848	14,200,320	12,879,044
Add : Claims Outstanding at the end of the year (including the estimates of IBNR and IBNER) (Net) *	227,520	199,819	57,775	47,518	42,024,258	32,907,541	42,309,553	33,154,878
Less: Claims Outstanding at the beginning of the year (including the estimates of IBNR and IBNER) (Net) **	199,819	272,801	47,518	44,331	32,907,541	25,233,163	33,154,878	25,550,295
Total Claims Incurred (Net)	369,535	125,950	108,667	89,451	22,876,793	20,268,226	23,354,995	20,483,627
Note:								
Claims, less reinsurance, paid to claimants								
in India	341,834	198,932	98,410	86,264	13,760,076	12,593,848	14,200,320	12,879,044
Outside India	-	-	-	-	-	-	-	-
* Estimates of IBNR and IBNER at end of the year	30,130	15,195	10,890	13,615	25,495,979	17,659,132	25,536,999	17,687,942
** Estimates of IBNR and IBNER at beginning of the year	15,195	14,890	13,615	13,190	17,659,132	11,728,887	17,687,942	11,756,967

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 3 - COMMISSION (NET)

(₹ '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018
Commission Paid								
Direct	427,544	148,998	39,320	29,672	2,265,593	1,380,692	2,732,457	1,559,362
Add: Reinsurance Accepted	1,326	1,598	-	-	274	165	1,600	1,763
Less: Commission on Reinsurance Ceded	946,445	142,970	89,455	75,879	1,570,922	918,985	2,606,822	1,137,834
Net Commission	(517,575)	7,626	(50,135)	(46,207)	694,945	461,872	127,235	423,291
Agents	5,149	6,505	2,500	2,968	37,855	52,708	45,503	62,181
Brokers	89,220	32,416	23,909	17,002	748,614	400,946	861,743	450,364
Corporate Agency	333,176	110,077	12,912	9,702	1,479,124	927,038	1,825,212	1,046,817
Total	427,544	148,998	39,320	29,672	2,265,593	1,380,692	2,732,458	1,559,362

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 4 - OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

(₹ '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018	Year Ended Mar 31, 2019	Year Ended Mar 31, 2018
1 Employees' Remuneration and Welfare Benefits	30,986	80,711	40,723	30,582	1,081,540	1,072,988	1,153,249	1,184,281
2 Travel, Conveyance and Vehicle Running Expenses	3,620	9,124	4,057	2,583	117,468	115,325	125,145	127,032
3 Training Expenses	689	1,016	208	81	35,662	14,493	36,559	15,590
4 Rent, Rates and Taxes	2,023	9,129	610	725	104,786	130,244	107,419	140,098
5 Repairs	462	1,636	139	130	23,939	23,344	24,540	25,110
6 Printing and Stationery	942	6,049	284	480	48,770	86,299	49,996	92,828
7 Communication	1,517	4,787	457	380	78,572	68,297	80,546	73,464
8 Legal and Professional Charges	1,286	4,048	388	321	66,587	57,746	68,261	62,115
9 Auditors' Fees and Expenses								
As Auditors	50	143	15	11	2,575	2,046	2,640	2,200
As adviser or in any other capacity in respect of								
- taxation matters	7	20	2	2	361	278	370	300
- Certification	22	71	7	6	1,133	1,019	1,162	1,096
Out of Pocket Expenses	1	3	-	-	49	47	50	50
10 Advertisement and Publicity	21,091	88,909	6,347	7,058	2,366,273	1,268,457	2,393,711	1,364,424
11 Interest and Bank Charges	1,828	5,446	551	432	94,649	77,702	97,028	83,580
12 Others								
Power and Electricity	631	2,585	190	205	32,695	36,875	33,516	39,665
Information Technology Expenses	6,195	14,892	1,868	1,182	320,858	212,464	328,921	228,538
Marketing Expenses	89,413	126,889	13,528	6,513	3,093,340	3,766,908	3,196,281	3,900,310
Operating Lease Charges	793	818	239	65	41,053	11,674	42,085	12,557
IRDA Registration renewal fees	387	1,022	117	81	20,020	14,574	20,524	15,677
Service Tax/GST Expense	-	-	-	-	39,000	71,150	39,000	71,150
Outsourcing Expenses	19,551	69,973	8,512	6,507	933,839	577,590	961,902	654,070
Net Exchange (Gain) / Loss	-	1	-	-	19	17	19	18
Co-insurance Administrative Charges	56	1,228	17	335	2,912	1,274	2,985	2,837
Terrorism Pool - Management Expenses	9,154	9,533	-	-	2,276	2,020	11,430	11,553
IMTPIP / DR Pool - Administrative Expenses	-	-	-	-	-	100	-	100
Miscellaneous Expenses (Net) (Note below)	5,316	18,754	1,603	1,489	275,298	267,560	282,217	287,803
13 Depreciation	3,941	12,718	1,188	1,010	204,131	181,448	209,260	195,176
Total	199,961	469,505	81,050	60,178	8,987,805	8,061,939	9,268,816	8,591,622
Note: Miscellaneous Expenses are net of								
(a) Profit / (loss) on sale of Fixed Assets (Net)	18	(18)	5	(1)	910	(262)	933	(281)
(b) Provisions no longer required written back	47	-	13	-	2,377	-	2,437	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 5 - SHARE CAPITAL

(₹ '000)

Particulars	As at March 31, 2019	As at March 31, 2018
1. Authorised Capital 324,000,000 (Previous Year: 324,000,000) Equity Shares of ₹ 10 each	3,240,000	3,240,000
2. Issued Capital 298,805,700 (Previous Year: 298,805,700) Equity Shares of ₹ 10 each	2,988,057	2,988,057
3. Subscribed Capital 298,805,700 (Previous Year: 298,805,700) Equity Shares of ₹ 10 each	2,988,057	2,988,057
4. Called-up Capital 298,805,700 (Previous Year: 298,805,700) Equity Shares of ₹ 10 each fully paid up	2,988,057	2,988,057
Less: Calls Unpaid	-	-
Add: Equity Shares Forfeited (Amount originally paid up)	-	-
Less: Par Value of Equity Shares bought back	-	-
Less: Preliminary Expenses	-	-
Expenses including Commission or Brokerage on Underwriting or Subscription of Shares	-	-
Total	2,988,057	2,988,057
Note: Number of Shares held by Cholamandalam Financial Holdings Limited (previously known as TI Financial Holdings Limited), the Holding Company	179,282,861	179,282,861

SCHEDULE 5 A - SHAREHOLDING PATTERN [AS CERTIFIED BY THE MANAGEMENT]

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Shareholder Category				
Promoters				
Indian	179,283,420	60	179,283,420	60
Foreign	119,522,280	40	119,522,280	40
Total	298,805,700	100	298,805,700	100

SCHEDULE 6 - RESERVES AND SURPLUS

(₹ '000)

Particulars	As at March 31, 2019	As at March 31, 2018
1. Capital Reserve	-	-
2. Capital Redemption Reserve	-	-
3. Share Premium	1,432,645	1,432,645
4. General Reserve	4,347,567	
Add: (a) Transfer from Contingency Reserve for Unexpired Risks (b) Transfer from Profit and Loss Account	1,000,000	4,347,567
5. Catastrophe Reserve	-	-
6. Contingency Reserve for Unexpired Risks	-	-
7. Balance of Profit in Profit & Loss Account	4,566,267	4,093,030
8. Debenture Redemption Reserve (Refer Note 5 of Schedule 16)	200,000	100,000
Total	11,546,479	9,973,242

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE - 7 - BORROWINGS

(₹ '000)

Particulars	As at March 31, 2019	As at Mar 31, 2018
1. Debentures / Bonds (Refer Note 5 of Schedule 16)	1,000,000	1,000,000
2. Banks	-	-
3. Financial Institutions	-	-
4. Others	-	-
Total	1,000,000	1,000,000

SCHEDULE 8 - INVESTMENTS - SHAREHOLDERS

(₹ '000)

Particulars	As at March 31, 2019	As at March 31, 2018
Long Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	3,150,870	2,340,261
Other Approved Securities	-	-
Approved Investments		
- Debentures/Bonds	1,975,628	2,345,382
- Fixed Deposits with Banks	-	-
- Equity Shares (Net of Fair Value Change)	140,690	134,767
- Investment Properties - Real Estate	29,784	32,233
Investments in Infrastructure and Social Sector	1,353,740	1,301,235
Investments in Alternate Investment funds	15,499	8,387
Other than Approved Investments		
- Debentures/Bonds	406,513	22,364
Less : Provision for Impairment	(11,366)	-
- Debentures/Bonds (Net of Impairment)	395,147	22,364
- Equity Shares (Net of Fair Value Change)	13,660	22,086
Total (A)	7,075,018	6,206,715
Short Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	10,354	16,773
Other Approved Securities	-	-
Approved Investments		
- Debentures/Bonds	457,294	489,797
- Fixed Deposits with Banks	56,830	119,169
- Money Market Instruments	-	-
- Mutual Funds (Liquid Schemes)	74,479	246,642
Investments in Infrastructure and Social Sector	72,446	35,783
Other than Approved Investments - Debentures/Bond	106,091	-
Less : Provision for Impairment	(3,616)	-
- Debentures/Bonds (Net of Impairment)	102,475	-
Total (B)	773,878	908,164
Total (A) + (B)	7,848,895	7,114,879

Notes:

- (1) All Investments are performing investments except Investments referred in Note 7 of schedule 16 and are in India.
- (2) There are no contracts in relation to investments for purchases where deliveries are pending or for sales where payments are overdue.
- (3) Details of Cost and Market Value

(₹ '000)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Cost	Market Value	Cost	Market Value
a) Equity Shares listed	148,416	154,350	143,660	156,854
b) Mutual Funds	74,396	74,479	246,288	246,642
c) Government and other securities	3,161,224	3,195,743	2,357,034	2,316,483
d) Fixed Deposit with Banks	56,830	56,830	119,169	119,169
e) Corporate Bonds	4,394,443	4,355,862	4,194,561	4,222,744
f) Money Market Instruments	-	-	-	-
g) Investment Properties - Real Estate	29,784	27,568	32,233	29,834
h) Investment in AIF	15,499	15,499	8,387	8,387
Total	7,880,593	7,880,332	7,101,332	7,100,112

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 8A - INVESTMENTS - POLICYHOLDERS

(₹ '000)

Particulars	As at March 31, 2019	As at March 31, 2018
Long Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	27,342,992	18,588,166
Other Approved Securities	-	-
Approved Investments		
- Debentures/Bonds	17,144,340	18,628,846
- Fixed Deposits with Banks	-	-
- Equity Shares (Net of Fair Value Change)	1,220,895	1,070,428
- Investment Properties - Real Estate	258,467	256,018
Investments in Infrastructure and Social Sector	11,747,643	10,335,417
Unclaimed Policyholders Fund - Bank Deposits	-	-
Investments in Alternate Investment funds	134,501	66,613
Other than Approved Investments		
- Debentures/Bonds	3,527,687	177,636
Less : Provision for Impairment	(98,634)	-
- Debentures/Bonds (Net of Impairment)	3,429,053	177,636
- Equity Shares (Net of Fair Value Change)	118,544	175,426
Total (A)	61,396,435	49,298,550
Short Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	89,851	133,226
Other Approved Securities	-	-
Approved Investments		
- Debentures/Bonds	3,968,356	3,890,346
- Fixed Deposits with Banks	493,170	946,531
- Money market instruments	-	-
- Mutual Funds (Liquid Schemes)	646,324	1,959,022
Investments in Infrastructure and Social Sector	628,685	284,217
Other Than Approved Investments - Debentures/Bond	920,645	-
Less : Provision for Impairment	(31,384)	-
- Debentures/Bonds (Net of Impairment)	889,261	-
Total (B)	6,715,647	7,213,342
Total (A) + (B)	68,112,083	56,511,892

Notes:

- (1) All Investments are performing investments except Investments referred in Note 7 of schedule 16 and are in India.
- (2) There are no contracts in relation to investments for purchases where deliveries are pending or for sales where payments are overdue.
- (3) Details of Cost and Market Value

(₹ '000)

Particulars	As at Mar 31, 2019		As at Mar 31, 2018	
	Cost	Market Value	Cost	Market Value
a) Equity Shares listed	1,287,939	1,339,439	1,141,062	1,245,853
b) Mutual Funds	645,604	646,324	1,956,212	1,959,022
c) Government and other securities	27,432,843	27,732,400	18,721,392	18,399,303
d) Fixed Deposit with Banks	493,170	493,170	946,531	946,531
e) Corporate Bonds	38,134,625	37,799,820	33,316,460	33,540,312
f) Money Market Instruments	-	-	-	-
g) Investment Properties - Real Estate	258,467	239,232	256,018	236,966
h) Investment in AIF	134,501	134,501	66,613	66,613
Total	68,387,148	68,384,885	56,404,288	56,394,601

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 9 - LOANS

(₹ '000)

Particulars	As at March 31, 2019	As at March 31, 2018
1. Security-wise Classification		
Secured		
(a) On Mortgage of Property	-	-
(b) On Shares, Bonds, Govt. Securities	-	-
(c) Others	-	-
Unsecured	-	-
Total	-	-
2. Borrower-wise Classification		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others	-	-
Total	-	-
3. Performance-wise Classification		
(a) Loans Classified as Standard	-	-
(b) Non-performing Loans less Provisions	-	-
Total	-	-
4. Maturity-wise Classification		
(a) Short Term	-	-
(b) Long Term	-	-
Total	-	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 10 - FIXED ASSETS

(₹ '000)

Particulars	Cost/ Gross Block			Depreciation/Amortisation				Net Block		
	As at April 1, 2018	Additions	Deductions	As at Mar 31, 2019	As at April 1, 2018	For The Year	On Sales / Adjustments	Upto Mar 31, 2019	As at Mar 31, 2019	As at Mar 31, 2018
Land (Undivided Share)	58,032	-	-	58,032	-	-	-	-	58,032	58,032
Buildings	366,981	-	-	3,66,981	38,328	7,020	-	45,348	321,633	328,654
Furniture and Fittings	54,226	4,825	1,166	57,885	50,388	3,834	1,090	53,132	4,753	3,838
Information Technology Equipment	430,327	32,009	227	462,109	354,916	45,537	227	400,226	61,883	75,413
Computer Software (Intangibles)	708,658	1,01,145	-	809,803	545,389	117,041	-	662,430	147,373	163,269
Vehicles	27,852	13,879	5,673	36,058	13,266	8,683	4,975	16,974	19,084	14,585
Office Equipment	31,326	5,131	253	36,204	28,421	2,666	252	30,835	5,369	2,905
Electrical Fittings	55,096	6,843	3,943	57,996	45,199	7,365	3,943	48,621	9,375	9,897
Improvement to Premises	144,497	27,481	2,944	169,034	111,476	17,114	2,944	125,646	43,388	33,021
Total	1,876,995	1,91,313	14,206	2,054,102	1,187,383	209,260	13,431	1,383,212	670,890	689,614
Capital Work in Progress (including Capital Advances) (Refer Note 8 (i) of Schedule 16)	-	-	-	-	-	-	-	-	16,062	13,508
Grand Total	1,876,995	191,313	14,206	2,054,102	1,187,383	209,260	13,431	1,383,212	686,952	
Previous year	1,693,803	211,058	27,867	1,876,994	1,002,438	195,174	10,232	1,187,380		703,122

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 11 - CASH AND BANK BALANCES

(₹ '000)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Cash (including Cheques, Drafts and Stamps)	129,733	156,350
Bank Balances on Current Accounts (with Scheduled Banks)	502,517	464,997
Money at Call and Short Notice	-	-
Others (incl. Bank Deposits under Lien - Note9 (i) of schedule 16)	6,037	5,900
Total	638,287	627,247
Cash Balance includes:		
Drafts/Cheques on Hand	117,745	149,443
Remittances in transit	-	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 12 - ADVANCES AND OTHER ASSETS

(₹ '000)

Particulars	As at Mar 31,2019	As at Mar 31,2018
Advances		
1. Reserve Deposits with Ceding Companies	-	-
2. Application Money for Investments	-	-
3. Prepayments	2,314,819	1,866,090
4. Advances to Directors / Officers	-	-
5. Advance Tax Paid and Taxes Deducted at Source (Net of Provision for Taxation of ₹ 6,194,184 thousands) (Previous year ₹ 4,607,308 thousands)	850,969	680,901
6. Others		
Advances to Employees	386	672
Advances to Vendors	7,088	16,130
Deposits for Premises and Advance Rent	-	-
GST/ST Unutilised Credit / paid in advance	408,650	298,158
Service tax paid under protest (Note 6 of Schedule 16)	57,912	60,447
Other Advances / Deposits	1,293,417	1,183,548
Total (A)	4,933,241	4,105,946
Other Assets		
1. Income Accrued on Investments	2,462,058	2,074,749
2. Outstanding Premium including GST/Service Tax, if any (includes ₹ 1,959,267 thousands (Previous year ₹ 1,810,964 thousands) from Central & State Governments under Rashtriya Swasthya Bima Yojana Scheme and Weather Based Crop Insurance Scheme)	2,979,664	4,084,995
3. Agents' Balances	-	-
4. Foreign Agencies Balances	-	-
5. Due from Other Entities Carrying on Insurance Business (Refer Note 19 of Schedule 16)	181,632	340,087
6. Premium receivable from other insurance business	-	-
7. Due from subsidiaries / Holding Company	-	-
8. Deposit with Reserve Bank of India (Pursuant to Section 7 of the Insurance Act, 1938)	-	-
9. Others		
Redemption / Sales proceeds receivable	-	-
Receivable from IMTPIP Members	-	-
Receivable from Terrorism Pool (including investment income)	1,301,546	1,153,188
Less: Provision for doubtful debts (Refer Note 7 of Schedule 16)	(5,527)	-
Net Receivable from Terrorism Pool	1,296,019	1,153,188
Unclaimed Amount of Policy holders Deposits (Refer Note 23 of Schedule 16)	75,000	57,300
Receivable from Nuclear Pool (including investment income)	30,405	20,405
Deposits for Premises and Advance Rent	75,506	65,131
Service Tax refund receivable	-	83,040
Total (B)	7,100,284	7,878,895
Total (A + B)	12,033,525	11,984,841

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 13 - CURRENT LIABILITIES

(₹ '000)

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
1. Agents' Balances	185,754	119,945
2. Balances Due to Other Insurance Companies (Refer Note 19 of Schedule 16)	3,930,461	5,951,839
3. Deposits Held on Reinsurance Ceded	-	-
4. Premiums Received in Advance / Deposits Received	2,436,675	1,514,719
5. Unallocated Premium	1,367,726	1,419,365
6. Sundry Creditors		
- Dues to Micro Small & Medium Enterprises (Refer Note 25 of schedule 16)	1,755	-
- Dues to Others	292,617	946,747
7. Due to subsidiaries / Holding Company	-	-
8. Claims Outstanding (including the estimates of IBNR & IBNER)	42,309,553	33,154,878
9. Due to Officers/ Directors	-	-
10. Others		
Payable to IMTPIP Members	-	-
Payable to Declined Risk Pool Members	-	-
Book Overdraft	813,184	69,025
Tax and Other Withholdings	54,513	22,311
Environment Relief Fund	192	210
Provision for Expenses	433,418	22,735
Other Liabilities	24,623	39,769
GST Payable	662,850	615,085
Value Added Tax Payable	-	-
Unclaimed Amounts of Policy Holders (Refer Note 23 of Sch 16)	48,843	79,772
Interest Accrued but not due on Borrowings	30,445	30,445
Total	52,592,609	43,986,845

SCHEDULE 14 - PROVISIONS

(₹ '000)

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
1. Provision for Unexpired Risk	22,336,295	19,312,018
Less: Unabsorbed Enrollment costs - Government Schemes	-	(30,384)
2. For Taxation	-	-
3. For Proposed Dividends	-	-
4. For Dividend Distribution Tax	-	-
5. Other Provisions		
Premium Deficiency	-	-
Leave and other Employee Benefits (Refer Note 14 of schedule 16)	335,188	343,181
Total	22,671,483	19,624,815

SCHEDULE 15 - MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

(₹ '000)

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
1. Discount Allowed in Issue of Shares / Debentures	-	-
2. Others	-	-
Total	-	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 16 - NOTES TO FINANCIAL STATEMENTS

1. Background Information

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

2. Significant Accounting Policies

i. Basis of preparation of Financial Statements

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

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

ii. Revenue Recognition

a. Premium (net of service tax/GST) is recognised as income on assumption of risk, after adjusting for unexpired risk.

b. Reserve for Unexpired Risks:

I. Direct Business:

Reserve for Unexpired Risk, representing that part of the premium written that is attributable and allocable to the subsequent accounting period(s), is calculated principally on "Day Basis" in terms of Circular No IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013.

II. Inward Business from Pooling Arrangements:

A. In the case of the inward premium from IMTPDRIP (DR Pool), in view of the "clean cut" arrangement, the entire inward premium is recognized as revenue.

B. In the case of the inward premium from Terrorism Pool (Fire and Engineering lines of business) and Nuclear Pool (Liability lines of business), 50% of the premium advised by the Pool Manager for a 12-month period is considered as Reserve for Unexpired Risks.

c. Interest income on investments is recognised on accrual basis and is net of accretion of discount or amortisation of premium over the balance period of maturity / holding. Dividend income is recognised when right to receive the same is established.

d. Profit / loss on sale of investments - Realised gains or losses on investments representing the difference between the sale consideration and the carrying cost is recognised on the date of sale. In determining the realised gain or loss on sale of a security, the cost of such security is arrived on weighted average basis. In the case of listed equity shares, profit or loss on sale is adjusted for the accumulated changes in the fair value previously recognised in the fair value change account in respect of the shares sold.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

iii. Reinsurance Ceded and Commission Received

- a. Reinsurance premium ceded is accounted in the year of commencement of risk in accordance with the treaty arrangements with the reinsurers. In case of re-insurance contracts of long term policies, cession is accounted for the proportionate period to which reinsurance cover is provided as per the treaty. Non-proportional reinsurance cost is recognised when incurred and included in the premium on reinsurance ceded.
- b. Commission on reinsurance ceded (including for Long term policies) is recognised as income on ceding of reinsurance premium. In case of treaties having sliding scale commission, initial recognition would be as per treaty terms and the same is reviewed as at each reporting period. Profit commission under reinsurance treaties wherever applicable, is accrued based on the computation as per their treaty terms and the same is included in Commission on reinsurance ceded.

iv. Acquisition Cost

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

v. Claims and Premium Deficiency

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

vi. Allocation of Operating Expenses

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

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

vii. Investments

- a. Investments maturing within twelve months from the date of Balance Sheet and investments held with the specific intention to dispose of within twelve months from the date of Balance Sheet are classified as short-term investments. Investments other than short term are classified as long-term investments.
- b. All debt securities including government securities are considered as "held to maturity" and accordingly stated at historical cost subject to amortisation of premium/ accretion of discount over the balance period of maturity/holding.
- c. Listed and actively traded equity securities are stated at last quoted closing price on the National Stock Exchange (NSE). Where a security is not listed on NSE, the last quoted closing price on Bombay Stock Exchange (BSE) is adopted.
- d. Units of Mutual Funds are valued at the Net Asset Value (NAV).
- e. In accordance with the IRDA (Investments) Regulations 2016, unrealized gain / loss arising due to changes in fair value of listed equity shares and mutual fund investments are taken to the "Fair Value Change Account". The credit balance, if any, in the fair value change account is not available for distribution, pending realisation.
- f. Impairment:

The Company assesses at each reporting date, whether any impairment by way of diminution, other than temporary in value of its investments has occurred. Such a diminution, if any, is recognised as an expense in Profit and Loss Account.
- g. Segregation of invested assets is done by notionally allocating the closing Technical Reserves (Aggregate of Net Claims Outstanding and Reserve for Unexpired Risk and other related items) to Policyholders' Funds with the balance being reflected as Shareholders' Funds.
- h. Investment income where directly identifiable with a specific business segment is credited to the business segment and in all other cases is allocated to the respective Revenue Account and the Profit and Loss Account based on the ratio of "Technical Funds" and "Shareholders Funds", respectively.

viii. Employee Benefits

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

ix. Fixed / Intangible Assets and Depreciation / Amortisation

- a. Fixed Assets/Intangible Assets are stated at cost less accumulated depreciation/amortisation.
- b. Depreciation on fixed assets is provided on straight line method over the useful life of assets and in the manner as prescribed under part C of Schedule II of the Companies Act, 2013 except for the assets which are depreciated at a higher rate based on their estimated useful life as under:

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Useful Life (in years)
Furniture and Fittings	5 years
Information Technology Equipment	
- Other than Kiosk Machines	3 years
- Kiosk Machines	5 years
Vehicles	4 Years
Office Equipment	2 to 4 Years
Electrical Fittings	4 Years
Improvement to Premises	Equally over the primary lease period initially agreed upon or 5 years whichever is lower

For these class of assets, based on internal assessment, the Management believes that the useful life given above best represents the period over which the Management expects to use these assets. Hence, the useful life of these assets is different from the useful life as prescribed in the Companies Act, 2013.

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

x. Operating Leases

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

xi. Borrowing cost

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

xii. 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.

xiii. Foreign Currency Transactions

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

xiv. Taxation

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

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

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

3. Terrorism Pool

i. Premium received from customers on account of Terrorism cover has been ceded to General Insurance Corporation of India (GIC) Terrorism Pool Account. The Company's share in the Terrorism Pool Account with GIC, based on the statements of account received during the current year for the period upto December 31, 2018 has been accounted under the respective heads as follows :-

- a) Premium Inwards - Premium on Reinsurance Accepted
- b) Claims - under Claims Paid and Claims Outstanding
- c) Management Expenses - under Operating Expenses Related to Insurance Business
- d) Investment Income (provisional statements received upto March 31, 2019) - under Interest and Dividends in the Revenue Accounts

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

ii. The Company's share in the Terrorism Pool Account with GIC for the period January 1, 2019 to March 31, 2019 will be accounted on receipt of the relevant statements of account from GIC.

4. India Nuclear Insurance Pool (Nuclear Pool)

i. Premium received from customers towards Nuclear Policies has been ceded to General Insurance Corporation of India (GIC) - Nuclear Pool. The Company's share in the Nuclear Pool Account with GIC, based on the statements of account received during the current year for the period upto September 30, 2018 has been accounted under the respective heads as follows :-

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

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

ii. The Company's share in the Nuclear Pool Account with GIC for the period October 1, 2018 to March 31, 2019 will be accounted on receipt of the relevant statements of account from GIC.

5. Borrowings

In the financial year 2017-18, the Company has issued 1000 Nos. 8.75% Unsecured, Subordinated, Fully paid up, Listed, Redeemable, Non convertible Debentures (NCDs) having face value of ₹ 1,000,000 each for cash at par for a tenor of 10 years with a call option at the end of 5 years.

The Company has created additional Debenture Redemption Reserve (DRR) of ₹ 100,000 thousands during the year. Total DRR as at March 31, 2019 is ₹ 200,000 thousands being proportionate charge over the tenor of the debenture.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

6. Contingent Liabilities

(₹ '000)

Particulars	As at March 31, 2019	As at March 31, 2018
Party paid investments	-	-
Outstanding underwriting commitments	-	-
Claims, under policies, not acknowledged as debts - in respect of disputed claim under a fire policy	-	-
Claims, other than those under policies, not acknowledged as debts		
Contested liabilities not provided for in respect of Tax matters pending before Appellate Authorities		
(I) Income Tax Matters.		
(i) In Respect of disallowance of remittances to foreign reinsurers for not withholding tax at source together with interest thereon (note (a) below)	544,217	468,072
(ii) In respect of disallowance of expenses related to Motor dealer payments (Note(b) below)	625,898	519,215
(iii) Other including UPR disallowance on IMTPIP, IBNR disallowance	1,287,768	111,250
Total	2,457,883	1,098,537
II) Service Tax Matters		
(i) Input Credit Availment on labour charges in Motor Claims (Completely allowed this year)	-	144,050
(ii) Claim for remittance of Service Tax Under "reverse charge" method for Business Auxiliary Services (Note) (C) below)	258,768	258,768
(iii) Disallowance of Input Credit on payments to Motor Dealers (Note (d) Below)	342,082	304,037
iv) Others (including appeals against levy of penalty only and reversal of credit on certain Input services)	36,626	35,759
Total	637,477	742,614

Income Tax Appeals: The contested Income Tax liabilities have been ascertained taking into consideration the orders of Madras High Court and Income Tax Appellate Tribunal and relief allowed by Commissioner of Income Tax (Appeals) and the principles adopted in the orders of the CIT (A) on similar disputed issues in the earlier assessment years. Pending disposal of the appeals, the amounts so far remitted by the Company / adjusted by the Income Tax department stands at ₹ 935,650 thousands (Previous Year – ₹ 493,968 thousands) for all the assessment years in respect of the above disallowances.

- The Company has appealed before appellate forums against the disallowing the reinsurance remittances to foreign reinsurers domiciled in countries outside India. Considering the prevailing industry practice over several decades and the view taken by the Income Tax Department elsewhere in India on the same matters, the Company is of the opinion that the above demands are not sustainable.
- Based on the Show Cause Notice in respect of service tax transactions on payments to Motor Dealers, Income Tax department disallowed the payments to the Motor Dealers from AY 2008-09. Considering that the Motor Dealers were providing various services to all insurance companies in accordance with the guidelines for outsourcing activities prescribed by IRDA, and the expenses were wholly and exclusively incurred for business purposes and also the said issue was allowed by appellate forums in favour of another general insurance company, the Company is of the opinion that the demands are not sustainable.
- The Commissioner of Service Tax had issued tax demand order in respect of non- payment of service tax under reverse charge mechanism on business auxiliary services availed from few intermediaries/agents. The service providers had already remitted the relevant service tax and the proof of the same had been submitted to the department. Considering the various tribunal decisions in favour of assesseees in such cases of revenue neutral status to the Government, the Company is confident of getting the appeals allowed in favour.
- Commissioner of Service Tax has disallowed availment of input service tax credit for the Financial years 2010-11 to 2015-16, on payments to Motor Dealers on the ground that the description of services mentioned in the invoices raised by the Motor Dealers do not confirm to the services rendered by them. The Company has taken note of various settled cases wherein it has been held that technical discrepancies cannot be a ground for disallowance of credit. The Company had preferred appeals before Tribunal and confident of getting the same allowed.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

7. Investments

The Company has investments in the form of secured and unsecured debentures (including its share of assets in Terrorism Pool) aggregating to ₹ 1,725,276 thousands in Infrastructure Leasing and Financial Services Limited (IL&FS) and IL&FS Financial Services Limited (IFIN). During the year, credit rating of Company's investment in debentures of IL&FS and IFIN were downgraded from AAA to D by credit rating agencies. Subsequently IL&FS and IFIN had defaulted both interest dues and part of principal which fell due for payment. Consequent to those defaults, as per IRDAI Guidelines on prudential norms for Income recognition, asset classification, provisioning and other related matters in respect of debt portfolio (Prudential Norms), the said investments have become Non Performing Asset (NPA). The Company has reviewed the status of the financial position and other developments in IL&FS and IFIN has decided to write-off those investments which are unsecured or where there is principal payment default to the Company up to March 31, 2019. Accordingly the Company has written-off ₹ 220,000 thousands during the year. Further, the Company has also made provision of 10% as diminution in value of investments for the remaining exposure, which are secured in nature as per the prudential norms. The management of the Company would continue to review the position periodically and take every action for recovering the investments.

8. Commitments

- Commitments made and outstanding for fixed assets are ₹ 101,245 thousands (Net of Capital advance paid – ₹ 16,062 thousands) (Previous Year - ₹ 42,537 thousands (Net of Capital advance paid – ₹ 13,511 thousands)).
- Bank guarantees provided to customers / service providers towards performance commitments – ₹ 4,655 thousands (Previous Year - ₹ 2,100 thousands).
- Commitments made and outstanding in respect of investments - NIL (Previous Year- ₹ 75,000)

9. Encumbrances

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

- Deposits under lien to banks amounting to ₹ 6,037 thousands (Previous Year - ₹ 5,900 thousands)
- Garnishee orders by Motor Accident Claims Tribunal (MACT) on bank balances amounting to ₹ 21,251 thousands (Previous Year – ₹ 3,377 thousands) in respect of Motor Third Party Claims. These amounts duly provided for are included in the Outstanding Claims.

10. Provision for Free Look Period

Pursuant to the Circular No. CIR/41/IRDA/Health/SN/09-10/32 dated September 2, 2009, the Company has made a provision for Free Look period amounting to ₹ 374 thousands (previous year – ₹ 352 thousands).

11. Claims

(₹ '000)

Particulars	As at / Year ended March 31, 2019	As at / Year ended March 31, 2018
Claims, less, reinsurance, paid to claimants		
- In India	14,200,320	12,879,044
- Outside India	-	-
Ageing of claims (Gross) - including third party motor claims and reported IMTPIP claims		
- Outstanding for more than six months	15,515,471	11,867,848
- Other Claims	6,584,102	6,632,314
Claims settled and remaining unpaid for more than six months	-	-

Claims where the claim payment period exceeds four years:

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

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

12. Premium Retention & Reinsurance

i. Extent of risk retained and reinsured (including Excess of Loss and Catastrophe reinsurance) (₹ '000)

Particulars	As at / year ended March 31, 2019		As at / year ended March 31, 2018	
	Amount of Business Written (Direct)	% of Business Written (Direct)	Amount of Business Written (Direct)	% of Business Written (Direct)
Risk Retained	33,423,856	75.48	31,811,022	77.54
Risk Reinsured	10,857,743	24.52	9,214,657	22.46
Total	44,281,599	100.00	41,025,679	100.00

The above includes Excess of Loss reinsurance premium of ₹ 357,614 thousands (Previous Year ₹ 325,559 thousands)

ii. Risk Reinsured includes cession under the Terrorism Pool and Nuclear Pool arrangement

iii. As per Insurance Regulatory and Development Authority (General Insurance – Reinsurance) Regulations, 2000 prior approval from IRDA is required in case of placement of surplus over and above the domestic reinsurance arrangements with one reinsurer outside India in excess of 15% of the total reinsurance premium ceded. In terms of the said Regulations, the Company has submitted details in respect of its reinsurance arrangements including those where the reinsurance support exceeds 15% from overseas reinsurers.

13. Sector-wise Business

(₹ '000)

Particulars	As at / year ended March 31, 2019		As at / year ended March 31, 2018	
	Amount of Business Written (Direct)	% of Business Written (Direct)	Amount of Business Written (Direct)	% of Business Written (Direct)
Rural Sector	7,270,369	16.42	7,505,127	18.29
Other Business	37,011,230	83.58	33,520,552	81.71
Total	44,281,599	100.00	41,025,679	100.00
Social Sector (No. of Lives)	1,859,702	-	1,283,752	-
Rural & Social Sector (No. of Policies)	285,035	-	265,873	-

14. Employee Benefits

i. Defined Contribution Plan (₹ '000)

Expenses on defined contribution plan	As at March 31, 2019	As at March 31, 2018
Contribution to Staff Provident Fund / Family Pension Fund	45,566	43,855
Contribution to Superannuation Fund	46,999	14,109
Total	92,565	57,964

ii. Defined Benefit Plan

The liability in respect of the gratuity plan for employees which is a defined benefit obligation is determined by the Company based on actuarial valuation and the same is funded with Life Insurance Corporation of India (LIC). The following table, sets out the status of the gratuity plan as at March 31, 2019 as required under Accounting Standard 15 (Revised) – Employee Benefits.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

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

(₹ '000)

Particulars	As at March 31, 2019	As at March 31, 2018
Obligations at beginning of the year	103,447	66,934
Service Cost	13,339	13,505
Interest Cost	6,973	4,204
Actuarial (gain) / Loss	2,764	32,554
Benefits Paid	7,662	13,750
Obligations at the end of the year	118,861	103,447
Change in Plan Assets		
Plan assets at fair value at beginning of the year	58,735	50,910
Expected return on plan assets	6,555	4,404
Actuarial (gain) / loss	6,773	(1,617)
Contributions	44,423	15,554
Benefits paid	7,662	13,750
Plan assets at fair value at end of the year	95,278	58,735

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

(₹ '000)

Particulars	As at March 31, 2019	As at March 31, 2018
Fair value of plan assets at the end of the year	95,278	58,735
Present value of defined benefit obligations at the end of the year	118,861	103,447
Asset / (Liability)*	(23,583)	(44,712)
*Recognised as (liability) / asset in Balance Sheet respectively		
Gratuity cost for the year		
Service Cost	13,339	13,505
Interest Cost	6,973	4,204
Expected return on plan assets	6,555	4,404
Actuarial (gain) / loss	9,537	30,937
Net Gratuity Cost	23,294	44,242
Assumptions		
Interest rate	7.25%	7.00%
Estimated rate of return on plan assets	8.50%	8.50%
Salary Escalation rate	5.50%	5.00%
Attrition Rate	11%	7% - 9%

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Other Disclosures

(₹ '000)

Particulars	As at / Year ended March 31, 2019	As at / Year ended March 31, 2018	As at / Year ended March 31, 2017	As at / Year ended March 31, 2016	As at / Year ended March 31, 2015
Present Value of defined benefit obligation	118,861	103,447	66,934	56,469	38,523
Fair Value of plan assets	95,278	58,735	50,910	34,157	29,354
Surplus / (Deficit)	(23,583)	(44,712)	(16,024)	(22,312)	(9,169)

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

The contribution expected to be made by the Company during the financial year 2018-19 amounts to ₹ 23,583 thousands (Previous year – ₹ 44,712 thousands).

15. Segmental Reporting

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

Segmental breakup of the Balance Sheet as at March 31, 2019

(₹ '000)

Particulars	Fire	Marine	Miscellaneous	Unallocated	Total
Claims Outstanding	227,520	57,775	42,024,258	-	42,309,553
	(199,819)	(47,518)	(32,907,542)	-	(33,154,879)
Reserve for Unexpired Risk	3,255,505	55,403	19,025,388	-	22,336,296
	(3,550,502)	(49,306)	(15,712,209)	-	(19,312,017)
Investments	2,457,772	155,728	65,498,582	7,848,895	75,960,977
	(3,217,914)	(137,207)	(53,156,771)	(7,114,879)	(63,626,771)

(Previous year's Figures are in brackets)

16. Operating Leases

The Company has entered into various operating lease agreements for office space, residential accommodation and information technology / infrastructure / office equipment. These leases are generally for a period of 5 years with an option to renew and escalation in rent once in three years. The lease rentals recognized in the Revenue Account during the year is ₹ 144,385 thousands (previous year ₹ 129,321 thousands)

(₹ '000)

Particulars	As at / year ended March 31, 2019	As at / year ended March 31, 2018
Minimum lease Payments		
- Not later than one year	155,616	74,052
- Later than one year but not later than five years	376,653	174,397
- Later than five years	57,828	19,304

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

17. Earnings Per Share

Particulars	As at / year ended March 31, 2019	As at / year ended March 31, 2018
Profit After Tax (₹' 000)	1,789,372	2,426,057
Weighted Average Number of Equity Shares	298,805,700	298,805,700
Earnings per Share		
Basic and Diluted (₹)	5.99	8.12
Face Value per Share (₹)	10.00	10.00

18. Deferred Tax Assets/(Liabilities) (net)

The components of deferred tax are as under:

	(₹ '000)	
	As at / year ended March 31, 2019	As at / year ended March 31, 2018
Deferred Tax Assets arising on		
Provision for compensated absences & other employee benefits	43,588	40,419
Provision for diminution in investments	82,756	7,222
Unexpired Risk Reserve	1,495,947	740,932
Written down value of Fixed & Intangible assets	1,090	-
Sub - Total (a)	1,623,381	788,573
Deferred Tax Liability arising on		
Written down value of Fixed & Intangible assets	-	15,578
Sub - Total (b)	-	15,578
Deferred Tax Assets (net) (a-b)	1,623,381	772,995

19. The balances of amount due to / due from other entities carrying on insurance business, especially the reinsurers' balances and the public sector co-insurers' balances, are subject to confirmation / reconciliation. Consequential adjustments, if any, will be accounted for on receipt of the statements / confirmation of the balances after examination.

20. In accordance with Circular No. IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013 and as certified by the Appointed Actuary, there is no premium deficiency at a segment level in respect of fire, marine and miscellaneous segments during the year ended March 31, 2019 (Previous Year NIL)

21. Related Party Disclosure

(A) List of Related Parties (Pursuant to Accounting Standard 18):

- Holding Company: Cholamandalam Financial Holdings Limited (Previously known as TI Financial Holdings Limited)
- Fellow Subsidiaries:
 - Cholamandalam Health Insurance Limited (effective 8 Jan 2018)

Pursuant to Demerger of the Holding Company, following Fellow subsidiaries ceases to be related parties after effective date of demerger i.e. 1 August 2017.

- Shanthi Gears Limited,
- Financiere C 10 SAS,
- Sedis SAS,
- Societe de Commercialisation De Composants Industriels,
- Sedis Co. Limited,
- TICI Motors Company Limited,

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

- TI Absolute Concepts Private Limited
- Tube Investments of India Limited
- Company under Common control: Cholamandalam MS Risk Services Limited
- Company holding substantial interest in voting rights: Mitsui Sumitomo Insurance Company Limited
- Key Management Personnel :
 - Managing Director – Mr. S.S.Gopalarathnam
 - Wholetime Director – Mr. Takahiko Shibakawa
 - Chief Financial Officer – Mr. S.K. Rangaswamy (till 30 Sep 2017)
 - Chief Financial Officer – Mr. S. Venugopalan (from 1 Oct 2017)
 - Company Secretary – Mr. Suresh Krishnan

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

		(₹ '000)	
Transaction	Related Party	2018-19	2017-18
Rent Recovery	Mitsui Sumitomo Insurance Company Limited	14,342	14,661
	Cholamandalam MS Risk Services Ltd	4,363	5,818
Rental Income	TI Absolute Concepts Private Limited	-	80
Fees Incurred for Risk Inspection and advisory services	Cholamandalam MS Risk Services Ltd	25,259	382,315
Premium Income	Tube Investments of India Limited	-	17,632
	Shanthi Gears Limited	-	3,364
	Cholamandalam MS Risk Services Ltd	336	36
	Key Managerial Persons	127	4
Claims Incurred (Net)	Tube Investments of India Limited	-	1,362
	Key Managerial Persons	-	37
	Cholamandalam MS Risk Services Ltd	-	13
	Shanthi Gears Limited	-	4
Gross Incurred Claims	Cholamandalam MS Risk Services Ltd	-	14
Reinsurance Ceded	Mitsui Sumitomo Insurance Co Ltd	462,961	441,155
Reinsurance Commission Received	Mitsui Sumitomo Insurance Co Ltd	106,175	70,586
Reinsurance Recovery on Claims	Mitsui Sumitomo Insurance Co Ltd	298,611	789,666
Management Expenses, Sitting Fees, Secondment charges, Marketing Expenses and Technical fees	Mitsui Sumitomo Insurance Co Ltd	14,254	1,280
	Cholamandalam MS Risk Services Ltd	7,208	-
	Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Limited)	79,407	30,153
Management Expenses Recovered	Mitsui Sumitomo Insurance Company Limited	561	1,322
	Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Limited)	-	93
Dividends Paid	Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Limited)	107,570	107,570
	Mitsui Sumitomo Insurance Company Limited	71,713	71,713

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

		(₹ '000)	
Transaction	Related Party	2018-19	2017-18
Managerial Remuneration - Managing Director	Key Management Personnel (Refer Note 22 (i))	51,344	28,602
Secondment Charges - Whole Time Director	Key Management Personnel	2,533	2,533
Chief Financial Officer (Till 30 Sep 2017)	Key Management Personnel	-	3,677
Chief Financial Officer (From 01 Oct 2017)	Key Management Personnel	11,097	3,552
Company Secretary	Key Management Personnel	7,998	5,733
Advance Given	Cholamandalam Health Insurance Limited	24	5
	Cholamandalam MS Risk Services Ltd.	23,500	-
Advance repaid	Cholamandalam Health Insurance Limited	28	-
	Cholamandalam MS Risk Services Ltd.	68,326	-

Net amounts Receivable / (Payable)		(₹ '000)	
Transaction	Related Party	As at March 31, 2019	As at March 31, 2018
Receivable/(Payable) (Net)- Due from other entities carrying on insurance business	Mitsui Sumitomo Insurance Co Ltd	63,493	504,631
Receivable/(Payable) including advances (Net) - Risk Services Cost	Cholamandalam MS Risk Services Ltd.	-	58,405
Receivable (Net) – Management expenses and rent	Cholamandalam Health Insurance Limited	1	5
	Mitsui Sumitomo Insurance Co Ltd	1,479	1,237

22. Directors' Remuneration

i. Remuneration to Managing Director

(₹ '000)

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
Salaries and Allowances*	46,128	25,518
Contribution to Provident and Other Funds*	3,413	3,015
Perquisites	1,802	69
Total	51,344	28,602

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

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

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

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

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

iii. Remuneration to Non-Executive Directors

(₹ '000)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Commission	4,317	5,256
Sitting Fees	2,195	2,805

23. As per IRDA Master Circular on Unclaimed Amount of Policyholders dated July 25, 2017, the statement showing the age-wise analysis of the unclaimed amounts of the policyholders as at March 31, 2019 is given below:

(₹ '000)

Particulars	Total Amount	0-6 Months	7-12 Months	13-18 Months	19-24 Months	25-30 Months	31-36 Months	36-120 Months
Claims settled but not paid to the policyholders/ insured due to any reasons except under litigation from the insured / policyholders	-	-	-	-	-	-	-	-
Sum due to the insured/ policyholder on maturity or otherwise	NA	NA	NA	NA	NA	NA	NA	NA
Any excess collection of the premium / tax or any other charges which is refundable to the policyholders either as terms or conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	2,587	-	1,654	371	64	154	58	286
Cheque issued but not encashed by the policyholder / insured	33,206	-	26,149	5,358	600	157	4	938
Total	35,793	-	27,803	5,729	664	311	62	1,224

Note: The above disclosure does not include interest accrued for unclaimed amount of policyholders aggregating to ₹ 13,051 thousands (previous year - ₹ 6,295 thousands).

Details of Unclaimed Amount and Investment Income

(₹ '000)

Particulars	Year Ended March 2019	Year Ended March 2018
Opening Balance	57,300	129,800
Add: Amount transferred to Unclaimed Fund	25,000	27,500
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders	-	-
Add: Investment Income on Unclaimed fund	6,755	448
Less: amount of claims paid during the year	14,055	100,448
Less: Amount transferred to SCWF	-	-
Closing Balance of Unclaimed Amount Fund	75,000	57,300

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

24. Details of Outsourcing, Business Development and Marketing Expenses

(₹ '000)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Outsourcing Expenses	961,902	654,070
Business Development Expenses	2,393,711	1,364,424
Marketing Expenses	3,196,281	3,900,310
Total	6,551,894	5,918,804

25. Based on and to the extent of information received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), following is the summary of transactions due towards principal and interest payments to such suppliers.

(₹ '000)

Particulars	As at / Year Ended March 31, 2019	As at / Year Ended March 31, 2018
Principal amount due to suppliers under MSMED Act	1,755	-
Interest accrued and due to suppliers under MSMED Act, on the above amount	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-

26. Corporate Social Responsibility

i. Gross Amount required to be spent by the Company during the year is ₹ 55,501 thousands (Previous year – ₹ 45,191 thousands)

ii. Activity wise amount paid:

(₹ '000)

S. No	Particulars	Year Ended March 2019	Year Ended March 2018
1.	Education	37,589	37,549
2.	Art and Culture & Sports	4,758	1,400
3.	Health Care	5,903	4,474
4.	Environmental Sustainability	2,255	1,198
5.	Hunger Eradication	2,374	200
6.	Senior Citizen Health Care	1,500	-
7.	CSR Expenses	2,568	1,944
	Total	56,947	46,765

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

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

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

(₹ '000)

Sr. Authority No	Non-Compliance/ Violation	Penalty awarded	Penalty paid	Penalty Waived/ Reduced
1. Insurance Regulatory & Development Authority	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
2. Service Tax Authority	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
3. Income Tax Authority	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4. Any other Tax Authority (Sales Tax)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
5. Enforcement Directorate / Adjudicating Authority / Tribunal or any Authority Under FEMA	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6. Registrar of Companies / NCLT / CLB Department of company affairs or any Authority under Companies Act, 2013	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
7. Penalty awarded by any court / Tribunal for any matter including claim settlement but excluding compensation	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
8. Securities and Exchange Board of India	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
9. Competition Commission of India	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
10. Any other Central / State / Local Government / Statutory Authority	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

The figures within brackets represent previous year's figures

29. As prescribed by IRDA, the summary of financial statements and the accounting ratios of the Company are presented in the Annexure attached. Particulars of the risk management architecture and quantitative aspects of claims outstanding are contained in the Management Report.

30. Previous year's figures have been regrouped/reclassified wherever necessary to confirm to the current year's presentation. The summary of the regroupings of the previous year's figures is as follows

S. No.	Sch	Particulars	Reported in previous year(s)	Previous year figures in current year	Difference	Reasons
1	13	Sundry Creditors	1,009,250	946,746	62,504	Reclassification of liabilities into Creditors, Provisions and Other liabilities separately.
2	13	Provision for Expenses	-	22,735	(22,735)	
3	13	Other Liabilities	-	39,769	(39,769)	

Signature to Schedules 1 to 16

For and on behalf of the Board of Directors

M M Murugappan
Chairman

S S Gopalarathnam
Managing Director

Sridharan Rangarajan
Director

Takashi Kishi
Wholtime Director

Place: Chennai
Date : April 22, 2019

Suresh Krishnan
Company Secretary

S.Venugopalan
Chief Financial officer

NOTE 17

SEGMENTAL REPORTING FOR THE YEAR ENDED MARCH 31, 2019

(₹ '000)

Particulars	Year	Fire	Marine			Miscellaneous					
			Cargo	Other than Cargo	Total	Motor - Total	Motor OD	Motor TP	Work men's Compensation	Public / Product Liability	Engineering
Premium from Direct Business Written	2018-19	2,646,146	749,940	4	749,944	30,010,789	10,349,434	19,661,355	45,163	96,273	355,337
	2017-18	3,254,076	711,718	8	711,726	26,407,335	9,923,030	16,484,305	44,037	160,078	275,686
Add: Premium on Reinsurance Accepted	2018-19	81,582	-	-	-	-	-	-	-	10,000	17,939
	2017-18	76,818	-	-	-	-	-	-	-	10,000	16,388
Less: Premium on Reinsurance Ceded	2018-19	2,096,315	559,565	-	559,565	3,631,738	2,648,525	983,213	2,258	48,327	255,778
	2017-18	1,251,404	546,651	-	546,651	2,358,036	1,493,099	864,937	2,289	109,540	229,332
Adjustment for Changes in Reserve for Unexpired Risk	2018-19	(294,996)	6,094	-	6,094	2,258,476	323,291	1,935,185	1,670	7,797	16,314
	2017-18	1,267,613	6,576	-	6,576	1,385,222	(667,306)	2,052,528	(2,525)	6,661	924
Premiums Earned (Net)	2018-19	926,409	184,281	4	184,285	24,120,575	7,377,618	16,742,957	41,235	50,149	101,184
	2017-18	811,877	158,491	8	158,499	22,664,077	9,097,237	13,566,840	44,273	53,877	61,818
Profit / (Loss) on Sale / Redemption of Investments	2018-19	7,473	474	-	474	185,127	21,046	164,081	156	129	20
	2017-18	26,641	1,136	-	1,136	411,950	51,507	360,443	404	365	56
Other income	2018-19	-	-	-	-	-	-	-	-	-	-
	2017-18	-	-	-	-	-	-	-	-	-	-
Others	2018-19	913	584	-	584	46	46	-	-	7	230
Administrative Charges	2017-18	846	573	-	573	73	27	45	-	4	270
Investment income from pool (Terrorism / Nuclear)	2018-19	62,036	-	-	-	-	-	-	-	712	16,270
	2017-18	56,440	-	-	-	-	-	-	-	505	15,166
Interest and Dividend – Gross	2018-19	162,947	10,324	-	10,324	4,065,933	462,235	3,603,698	3,397	2,822	433
	2017-18	213,284	9,094	-	9,094	3,373,401	421,784	2,951,617	3,232	2,921	451
Total Segmental Revenue	2018-19	1,159,778	195,663	4	195,667	28,371,681	7,860,945	20,510,736	44,788	53,819	118,137
	2017-18	1,109,088	169,294	8	169,302	26,449,501	9,570,556	16,878,945	47,909	57,672	77,761
Claims Incurred (Net)	2018-19	369,536	108,667	-	108,667	20,319,723	3,945,093	16,374,630	15,767	10,166	22,965
	2017-18	125,950	89,450	-	89,450	18,052,348	4,453,148	13,599,200	7,126	5,070	20,287
Direct Commission Paid	2018-19	427,544	39,320	-	39,320	1,795,493	1,640,100	155,393	4,092	6,576	25,058
	2017-18	148,998	29,671	1	29,672	1,021,440	1,004,865	16,575	3,278	4,371	21,184
Commission on Reinsurance Accepted	2018-19	1,326	-	-	-	-	-	-	-	-	274
	2017-18	1,598	-	-	-	-	-	-	-	-	164
Commission on Reinsurance Ceded	2018-19	946,445	89,454	1	89,455	1,173,820	1,166,444	7,376	339	6,888	44,352
	2017-18	142,970	75,879	-	75,879	631,702	588,767	42,935	348	2,800	31,773
Operating Expenses Related to Insurance Business	2018-19	199,960	81,049	-	81,049	7,359,985	2,589,683	4,770,302	13,169	33,913	38,006
	2017-18	469,504	60,176	1	60,177	6,651,485	2,498,936	4,152,549	5,152	29,706	29,037
Other Expenditure / (Income)	2018-19	-	-	-	-	-	-	-	-	-	-
	2017-18	-	-	-	-	-	-	-	-	-	-
Premium Deficiency	2018-19	-	-	-	-	-	-	-	-	-	-
	2017-18	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenses	2018-19	51,921	139,582	(1)	139,581	28,301,381	7,008,432	21,292,949	32,689	43,767	41,951
	2017-18	603,080	103,418	2	103,420	25,093,571	7,368,182	17,725,389	15,208	36,347	38,899
Segmental Profit	2018-19	1,107,857	56,081	5	56,086	70,300	852,513	(782,213)	12,099	10,052	76,186
	2017-18	506,008	65,876	6	65,882	1,355,930	2,202,374	(846,444)	32,701	21,325	38,862
Provision For Taxation (net of MAT Credit)	2018-19	-	-	-	-	-	-	-	-	-	-
	2017-18	-	-	-	-	-	-	-	-	-	-
Net Profit for the year	2018-19	-	-	-	-	-	-	-	-	-	-
	2017-18	-	-	-	-	-	-	-	-	-	-
Net incurred Claims / Net Earned Premium (%)	2018-19	39.89%	58.97%	0.00%	58.97%	84.24%	53.47%	97.80%	38.24%	20.27%	22.70%
	2017-18	15.51%	56.44%	0.00%	56.44%	79.65%	48.95%	100.24%	16.10%	9.41%	32.82%

NOTE 17
SEGMENTAL REPORTING FOR THE YEAR ENDED MAR 31, 2019

(₹ '000)

Particulars	Year	Miscellaneous						Investment Income / Other Income	Total
		Avi ation	Personal Accident	Health	Weather	Others	Total Misc		
Premium from Direct Business Written	2018-19	-	2,849,488	2,737,082	4,369,439	421,938	40,885,509	-	44,281,599
	2017-18	-	2,100,689	2,600,152	5,010,576	461,324	37,059,877	-	41,025,679
Add:Premium on Reinsurance Accepted	2018-19	-	-	-	-	-	27,939	-	109,521
	2017-18	-	-	-	-	-	26,388	-	103,206
Less:Premium on Reinsurance Ceded	2018-19	-	252,810	202,377	3,783,544	35,189	8,212,021	-	10,867,901
	2017-18	-	177,664	168,986	4,332,996	39,354	7,418,197	-	9,216,252
Adjustment for Changes in Reserve for Unexpired Risk	2018-19	-	628,975	217,448	68,513	113,986	3,313,179	-	3,024,277
	2017-18	-	655,671	306,927	(38,324)	85,472	2,400,028	-	3,674,217
Premiums Earned (Net)	2018-19	-	1,967,703	2,317,257	517,382	272,763	29,388,248	-	30,498,942
	2017-18	-	1,267,354	2,124,239	715,904	336,498	27,268,040	-	28,238,416
Profit / (Loss) on Sale / Redemption of Investments	2018-19	-	10,571	7,033	(5,246)	1,375	199,165	23,866	230,978
	2017-18	-	25,818	23,623	(25,091)	2,964	440,089	58,905	526,771
Other income	2018-19	-	-	-	-	-	-	-	-
	2017-18	-	-	-	-	-	-	-	-
Others	2018-19	-	23	6	-	10	322	-	1,819
Administrative Charges	2017-18	-	24	45	-	7	423	-	1,842
Investment income from pool (Terrorism/ Nuclear)	2018-19	-	-	-	-	-	16,982	-	79,018
	2017-18	-	-	-	-	-	15,671	-	72,111
Interest and Dividend – Gross	2018-19	-	230,480	153,337	(114,398)	29,978	4,371,982	520,370	5,065,623
	2017-18	-	206,696	189,119	(200,868)	23,733	3,598,685	471,576	4,292,639
Total Segmental Revenue	2018-19	-	2,208,777	2,477,633	397,738	304,126	33,976,699	544,236	35,876,380
	2017-18	-	1,499,892	2,337,026	489,945	363,202	31,322,908	530,481	33,131,779
Claims Incurred (Net)	2018-19	-	584,606	927,985	862,422	133,159	22,876,793	-	23,354,996
	2017-18	-	530,943	824,322	743,945	84,183	20,268,224	-	20,483,624
Direct Commission Paid	2018-19	-	122,099	263,047	10,541	38,687	2,265,593	-	2,732,457
	2017-18	-	62,433	244,247	5,208	18,531	1,380,692	-	1,559,362
Commission on Reinsurance Accepted	2018-19	-	-	-	-	-	274	-	1,600
	2017-18	-	-	-	-	-	164	-	1,762
Commission on Reinsurance Ceded	2018-19	-	50,942	93,361	161,482	39,738	1,570,922	-	2,606,822
	2017-18	-	34,538	17,733	192,379	7,712	918,985	-	1,137,834
Operating Expenses Related to Insurance Business	2018-19	-	624,807	674,400	127,807	115,718	8,987,805	-	9,268,814
	2017-18	-	142,699	721,969	299,653	182,241	8,061,942	-	8,591,623
Other Expenditure / (Income)	2018-19	-	-	-	-	-	-	619,450	619,450
	2017-18	-	-	-	-	-	-	167,087	167,087
Premium Deficiency	2018-19	-	-	-	-	-	-	-	-
	2017-18	-	-	-	-	-	-	-	-
Total Segmental Expenses	2018-19	-	1,280,570	1,772,071	839,288	247,826	32,559,543	619,450	33,370,495
	2017-18	-	701,537	1,772,805	856,427	277,243	28,792,037	167,087	29,665,624
Segmental Profit	2018-19	-	928,207	705,562	(441,550)	56,300	1,417,156	(75,214)	2,505,885
	2017-18	-	798,355	564,221	(366,482)	85,959	2,530,871	363,394	3,466,155
Provision For Taxation (net of MAT Credit)	2018-19	-	-	-	-	-	-	-	716,514
	2017-18	-	-	-	-	-	-	-	1,040,098
Net Profit for the year	2018-19	-	-	-	-	-	-	-	1,789,371
	2017-18	-	-	-	-	-	-	-	2,426,057
Net Incurred Claims / Net Earned Premium (%)	2018-19	0.00%	29.71%	40.05%	166.69%	48.82%	77.84%	-	76.58%
	2017-18	0.00%	41.89%	38.81%	103.92%	25.02%	74.33%	-	72.54%

SUMMARY OF FINANCIAL STATEMENTS

Registration No.123

Date of Registration with the IRDA July 15, 2002

(₹ '000)

Sl. No	Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
OPERATING RESULTS						
1.	Gross Premium Written (Note 1)	44,281,599	41,025,679	31,332,797	24,520,034	18,904,309
2.	Net Premium Income (Note 2)	33,523,219	31,912,633	25,700,667	20,575,012	15,709,490
3.	Income from Investments (Net)	4,831,385	4,361,043	3,697,105	2,842,842	2,670,071
4.	Others	1,819	1,842	1,831	1,351	1,147
5.	Total Income	38,356,423	36,275,518	29,399,603	23,419,205	18,380,708
6.	Commissions (Note 3)	127,235	423,291	153,090	339,561	332,327
7.	Operating Expenses (Note 4)	9,268,816	8,591,622	7,132,603	5,420,407	4,258,322
8.	a) Claims	23,354,995	20,483,627	16,389,566	12,237,676	11,061,219
	b) Increase in Unexpired Risk Reserve and Other Outgoes	3,024,277	3,674,217	3,219,955	3,667,025	888,459
	c) Premium Deficiency			2,955	2,955	-
9.	Operating Profit / (Loss)	2,581,100	3,102,761	2,507,344	1,751,581	1,840,381
NON-OPERATING RESULT						
10.	Total Income under Shareholders' Account	75,214	363,394	463,344	379,386	166,425
11.	Profit / (Loss) before tax	2,505,886	3,466,155	2,970,688	2,130,967	2,006,806
12.	Provision for Tax	716,514	1,040,098	889,233	651,498	635,836
13.	Profit / (Loss) after Tax	1,789,372	2,426,057	2,081,455	1,479,469	1,370,970
MISCELLANEOUS						
14.	Policyholders' Account (Note 5)					
	Total Funds	-	-	-	-	-
	Total Investments	-	-	-	-	-
	Yield on Investments	-	-	-	-	-
15.	Shareholders' Account					
	Total Funds	-	-	-	-	-
	Total Investments	-	-	-	-	-
	Yield on Investments	-	-	-	-	-
16.	Paid up Equity Capital	2,988,057	2,988,057	2,988,057	2,988,057	2,988,057
17.	Net Worth	14,534,536	12,961,299	10,751,023	8,528,552	7,190,099
18.	Total Assets (Note 6)	90,943,099	65,712,218	50,703,470	44,258,493	36,088,781
19.	Yield on Total Investments	7.92%	8.90%	10.03%	9.58%	10.06%
20.	Incurred claims ratio (NIC/ NEP)	76.58%	72.54%	72.91%	72.38%	74.63%
21.	Commission ratio (Net Commission / Net written premium)	0.38%	1.33%	0.60%	1.65%	2.12%
22.	Expenses ratio (Expenses / Gross direct premium)	20.93%	20.94%	22.76%	22.11%	22.53%
23.	Earnings per Share (₹)	5.99	8.12	6.97	4.95	4.59
24.	Book Value per Share (₹)	48.64	43.38	35.98	28.54	24.06
25.	Total Dividend	179,283	179,283	-	-	-
26.	Dividend per Share (₹)	0.60	0.60	-	-	-
27.	Solvency Margin (times)	1.55	1.61	1.64	1.61	1.59
28.	Solvency Margin (times) (Regulatory Requirement)	1.50	1.50	1.50	1.50	1.50

Notes

- Gross Premium Written represents Premium on Direct Business Written.
- Net Premium Income represents Gross Written Premium Net of Reinsurance Accepted & Ceded.
- Commission is net of Commission earned on Reinsurance Ceded.
- Operating expenses are taken net of gains from the sale of fixed assets, if any and excludes exceptional expenditure.
- Pursuant to IRDA Regulations, ₹ 68,127,974 thousands of the investments representing the Technical Reserves as at March 31, 2019 has been notionally allocated as Policy holders' Funds.
- Total Assets is defined as Net Fixed Assets + Investments + Current Assets+Deferred Tax assets.

PERFORMANCE RATIOS

Registration No.123

Date of Registration with the IRDA July 15, 2002

Sl. No	Type of Ratio	Method of Computing	2018-19	2017-18
1.	Gross Direct Premium Growth Rate (Segment Wise)	Gross Premium for the current year/Gross Premium for the previous year	Schedule 1	Schedule 1
2.	Gross Direct Premium to Net Worth Ratio	Gross Premium for the Current Year / (Paid up capital plus Free Reserves)	3.05	3.17
3.	Growth Rate of Net Worth	Net Worth as at the current balance sheet date / Net Worth as at the previous balance sheet date	12.14%	20.56%
4.	Net Retention Ratio (Segment wise)	Net Premium / Gross Premium	Schedule 2	Schedule 2
5.	Net Commission Ratio (Segment wise)	Commission net of Reinsurance / net written premium	Schedule 3	Schedule 3
6.	Expenses of Management to Gross Direct Premium Ratio (Note 1)	Expenses of management (operating expenses plus direct commission) / gross direct premium	27.10%	24.74%
7.	Expenses of Management to Net Written Premium Ratio (Note 1)	Expenses of management (operating expenses plus direct commission) / Net Written Premium	35.80%	31.81%
8.	Net Incurred Claims to Net Earned Premium	Net Incurred Claims / Net Earned Premium	76.58%	72.54%
9.	Combined Ratio	Claims paid plus expenses of management plus commission / Net Written Premium	104.60%	100.79%
10.	Technical Reserves to Net Premium Ratio	Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims / Net premium	1.93	1.64
11.	Underwriting Balance Ratio (Segment wise) (Note 2)	Underwriting profit / Net premium	Schedule 4	Schedule 4
12.	Operating Profit Ratio	Underwriting profit (loss) plus investment income / Net premium	8.46%	10.99%
13.	Liquid Assets to Liabilities Ratio (Note 3)	Liquid assets of the insurer / policyholders' liabilities	0.11	0.17
14.	Net Earning Ratio	Profit after tax / Net premium	5.34%	7.60%
15.	Return on Net Worth	Profit after tax / Net worth	12.31%	18.72%
16.	Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ratio	Available Solvency Margin at the end of the Quarter to the Required Solvency Margin required to be maintained as per regulations	1.55	1.61
17.	NPA Ratio			
	- Gross NPA Ratio		2.20	NIL
	- Net NPA Ratio		1.72	NIL

Notes

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

SEGMENTAL RATIOS

Registration No.123

Date of Registration with the IRDA July 15, 2002

Schedules	Particulars	Year	Fire	Marine			Miscellaneous										Total
				Cargo	Other than Cargo	Total	Motor	Workmen's Compensation	Public/ Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Weather	Others	Total Misc	
Schedule 1	Gross Premium for the Current Year / Gross Premium for the previous year	2018-19	(18.68%)	5.37%	(50.00%)	5.37%	13.65%	2.56%	(39.86%)	28.89%	-	35.65%	5.27%	(12.80%)	(8.54%)	10.32%	7.94%
		2017-18	38.74%	4.10%	(0.11%)	4.10%	21.95%	(5.45%)	(555.71%)	13.53%	-	64.87%	29.35%	77.49%	102.61%	30.94%	30.94%
Schedule 2	Net Retention Ratio (Net Written Premium / (Gross Premium + RI Acceptance))	2018-19	23.15%	25.39%	100.00%	25.39%	87.90%	95.00%	54.53%	31.48%	-	91.13%	92.61%	13.41%	91.66%	79.93%	75.52%
		2017-18	62.43%	23.19%	87.50%	23.19%	91.07%	94.80%	35.59%	21.48%	-	91.54%	93.50%	13.52%	91.47%	80.00%	77.59%
Schedule 3	Net Commission Ratio (Commission Paid Net of Reinsurance / Net Written Premium)	2018-19	(81.97%)	(26.33%)	(25.00%)	(26.33%)	2.36%	8.75%	(0.54%)	(16.19%)	-	2.74%	6.69%	(25.76%)	(0.27%)	2.13%	0.38%
		2017-18	0.37%	(27.99%)	-	(27.99%)	1.62%	7.02%	2.60%	(16.61%)	-	1.45%	9.32%	(27.62%)	2.56%	1.56%	1.33%
Schedule 4	Underwriting Balance Ratio (Underwriting Profit / Net Earned Premium)	2018-19	0.94	0.24	1.25	0.24	(0.17)	0.21	0.13	0.59	-	0.35	0.24	(0.62)	0.09	(0.11)	(0.07)
		2017-18	0.26	0.35	0.86	0.35	(0.11)	0.66	0.33	0.37	-	0.45	0.17	(0.20)	0.18	(0.06)	(0.04)

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

The Spirit of the Murugappa Group

The light of

INTEGRITY

that gives us the courage to
always do the right thing

The light of

RESPONSIBILITY

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

The light of

PAS2ION

that provides us with
the desire to win

The light of

RESPECT

that inspires people
around us to perform

The light of

QUALITY

which makes us
dream of excellence

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



murugappa



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

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