

With You
When You
Need Us Most

Cholamandalam MS General Insurance Company Limited
ANNUAL REPORT 2014 – 15

Driven by innovation and technology

Our umbrella of protection is 4 million strong and growing. We continue to innovate with new products and services that cover every need for protection. Our products are backed by simple and transparent processes and are backed by technology that delivers convenience and speed. Our service excellence model is well appreciated by our customers and partners. Team Chola MS lives the promise “With You When You Need Us Most”.



**“Golden Peacock Award”
Special Commendation for
Excellence in Corporate
Governance – 2014.**



**“MADDYS 2015 Bronze Award”
for creative excellence in radio by
The Advertising Club Madras.**



**“MADDYS 2015 Silver Award”
for creative excellence in
Internal Communications by
The Advertising Club Madras.**

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Corporate Information

Board of Directors

Pradeep V Bhide	Chairman
R Beri	Director
A V Muralidharan	Director
Shubhalakshmi Panse	Director
N Srinivasan	Director
Maki Kumagai	Director
S S Gopalarathnam	Managing Director
Takahiko Shibakawa	Wholetime Director

Top Management Team

S S Gopalarathnam	Managing Director
Takahiko Shibakawa	Wholetime Director
Vedanarayanan Seshadri	Executive Vice President & Chief Marketing Officer
V Suryanarayanan	Executive Vice President & Head – Claims
R Suresh	Executive Vice President & Head – Underwriting
A Jeganathan	Executive Vice President & Head – Commercial Business & RI
M Ramani	Vice President & Head – Chief Information Officer
A Prabhakaran	Vice President & Head – Operations
Prabhu Nambiappan	Vice President & Head – Human Resources
S K Rangaswamy	Senior Associate Vice President & Chief Financial Officer
Suresh Krishnan	Vice President – Internal Audit & Company Secretary

Auditors

M/s. Brahmayya & Co,
Chartered Accountants
48 Masilamani Road, Balaji Nagar, Royapettah, Chennai - 600 014

M/s. Sundaram & Srinivasan
Chartered Accountants
23 C.P.Ramaswamy Road, Alwarpet, Chennai - 600 018

Registered Office:

CIN U66030TN2001PLCO47977
“Dare House”, II Floor, N.S.C.Bose Road, Parrys, Chennai 600 001.
Phone: 91-44-30445400, Fax: 91-44-30445550, Toll Free No. 1800 200 5544
W: cholainsurance.com

Financial Highlights

₹ in million

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Gross Written Premium	2,202	3,117	5,223	6,854	7,849	9,680	13,465	16,209	18,551	18,904
Net Earned Premium	884	1,273	2,489	3,854	4,623	6,274	8,691	11,674	14,314	14,821
PBT before IMTPIP	(25)	138	186	251	162	388	586	1,124*	1,565*	2,013*
PBT	(25)	138	105	118	19	(226)	155	890	1,015	2,007
PAT	(31)	125	72	70	24	(229)	191	602	701	1,371
Net Worth	1,262	1,380	1,434	1,475	2,793	2,570	3,257	4,359	5,824	7,190
Fixed Assets (net)	80	115	230	281	140	289	359	496	577	617
Investment portfolio	2,160	2,543	3,300	3,648	5,721	9,661	12,573	17,242	23,282	31,646
Earnings per Share (₹)	(0.22)	0.88	0.51	0.49	0.11	(0.86)	0.69	2.08	2.37	4.59
Book Value per Share (₹)	8.89	9.72	10.10	10.39	10.46	9.63	11.48	14.93	19.49	24.06

* For FY 2012-13, FY 2013-14 & FY 2014-15 PBT is before losses from IMTPIP & declined pool

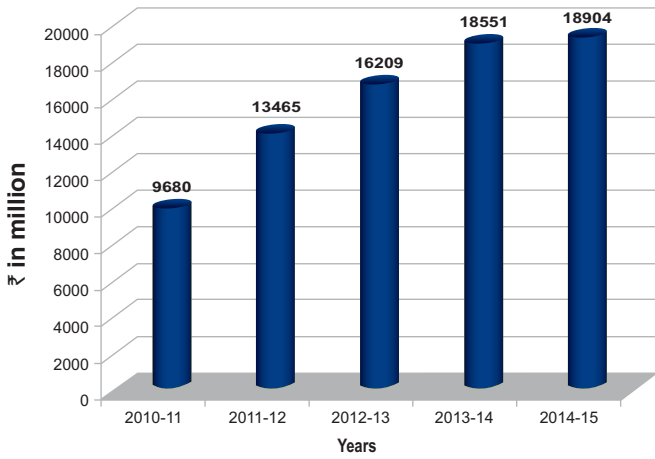
PBT - Profit before tax

IMTPIP - Indian Motor Third Party Insurance Pool

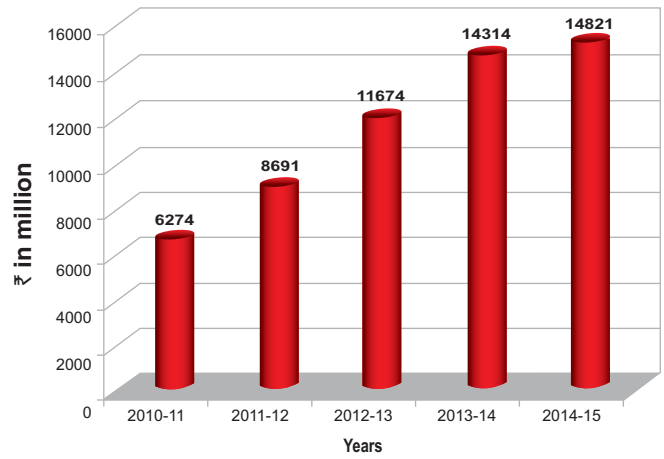
PAT - Profit after tax

Key Financial Indicators

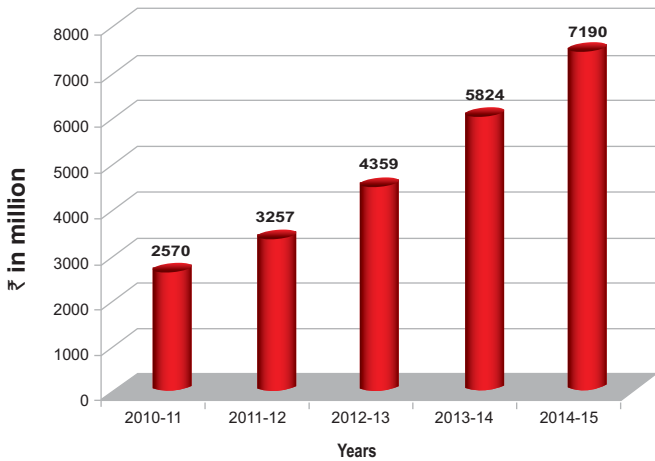
Gross Written Premium



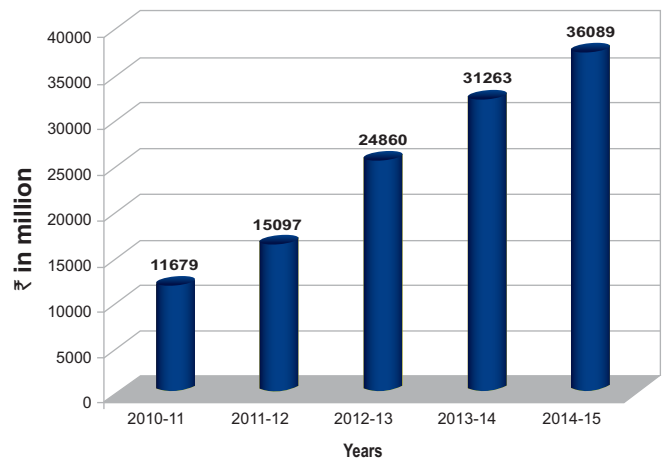
Net Earned Premium (Including IMTPIP)



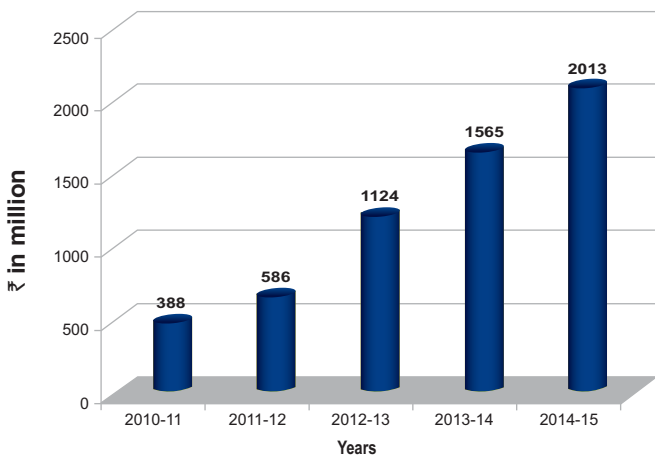
Net Worth



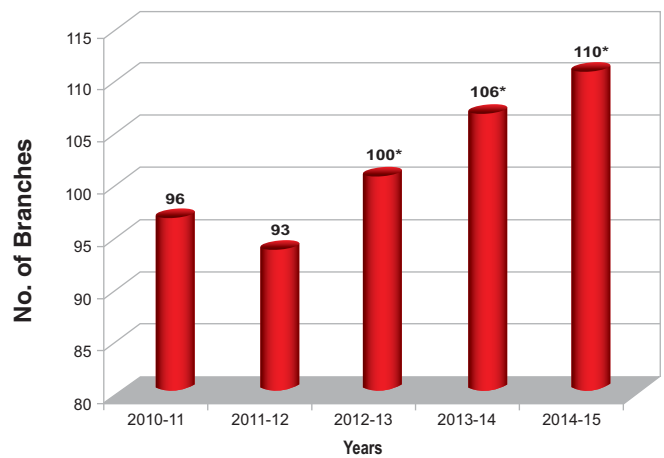
Total Assets



PBT before IMTPIP*



Branch office Network



* IMTPIP-Indian Motor Third Party Insurance Pool
For FY 2012-13, 2013-14 & 2014-15 PBT is before losses from IMTPIP & declined pool

* Excludes Head Office

Chairman's Message



Dear Shareholders,

FY 2015 saw subdued growth trends in India amid persistently high inflation notwithstanding improvements in key parameters such as current account deficit. Economic growth is likely to improve gradually, though realising our full potential would require focussed measures to revive the investment cycle and boost consumption. The steps taken by the Government to put the economy back on the growth track is expected to improve business and consumer confidence during the coming year.

The economic slowdown over the last couple of years affected the performance of the non-life insurance industry. The motor insurance business was impacted as auto sales remain depressed, particularly with passenger and commercial vehicles registering a negative growth.

The General Insurance Industry has grown around 9.30% over the previous year and the insurance size is around ₹847 billion. The sector has the potential for sustained high growth given the low penetration of non-life insurance and increasing consumer awareness of the need for risk mitigation.

It is heartening to note that despite these challenges, Chola MS achieved its first ever profit before tax of ₹2007 million during the year. The gross written premium during the year stood at ₹18904 million. The Company has been able to leverage its relationships across channels and is aggressively looking out for new tie-ups.

Insurance would be one of the fastest growing industries in the country, which is forecasted to grow at a compounded annual growth rate (CAGR) of around 12-15% over the next five years. Given the increase in the motor third party premium, the expected improvement in fire and engineering portfolio and the Pradhan Mantri Jan Dhan Yojna, the industry is likely to grow by 15% during the FY 2015-16. With economic activity showing initial signs of picking up and stalled projects getting back on stream as well as new projects coming up, it is expected that the current fiscal will be a better year for the industry.

With the amendment of the Insurance Act paving way for increasing the foreign investment in insurance companies upto 49% coupled with changes in various regulations being issued by IRDA, I expect increased penetration level of insurance which would result in higher growth of the industry.

Going forward, we remain committed to our customer-centric service proposition and leveraging technology for enhanced customer convenience. We remain committed to setting industry standard service excellence levels in order to ensure customer delight, which is at the very core of our business. We will also keep optimising our investments and pave the way for sustained and profitable growth in future.

I am confident that Chola MS's businesses will continue to grow from strength to strength, echoing the business logic and living the values of Murugappa and Mitsui Sumitomo, while contributing its own distinctive uniqueness in the group's identity.

I take this opportunity to thank all the stakeholders for their support in steering the Company in the right direction and delivering results despite a very challenging business environment. I would like to thank each and every one of our employees whose commitment and passion made 2014-15 yet another successful year for the Company.

I am confident that Chola MS will continue to achieve greater milestones and lead the growth of a vibrant general insurance industry in the coming years.

Best Wishes

Pradeep V Bhide

MD's Message



Dear Shareholders,

The financial year 2014-15 has been an eventful and challenging year in the history of Chola MS. Despite weak sales in automobile industry and heavy discount in premium rates in motor insurance and other lines of business, the company has managed to retain the market share with a gross written premium of ₹18904 million during the year. For the first time the Company has crossed ₹2 billion of profit before tax amounting to ₹2007 million translating to a significant growth of 98% over the previous year.

During the year under review, though several economic initiatives have been proposed by the new Government to improve business environment, reforms are seen to be in the early stages and yet to translate to results. The Company has made considerable progress on many of the long term initiatives that has helped retain market share amidst fierce competition. Specifically, on strengthening retail proprietary channel through retention of existing agents, recruitment and training of new agents; increased focus in commercial business and promoting new products.

In order to align with our vision & mission and to stay in line with the market and business needs, business restructured its sales and marketing function by sharply aligning skill sets of people. This will help the business move from industry growth to aspirational growth. A narrower, deeper and sharper structure to implement strategy on ground is in place.

The Company was awarded the "Golden Peacock Award" – Special Commendation for excellence in Corporate Governance. Further, the Company was also awarded "Maddys 2015 Bronze Award" for creative excellence in radio by The Advertising Club Madras and "Maddys 2015 Silver Award" for creative in excellence in internal communications.

With positive business environment primarily driven by series of reforms introduced by Government, the overall Indian economy is expected to see an improved performance in various sectors. With this background, we will work towards our vision of being the preferred choice for our clients, business partners and employees through core values of trust and transparency aided by technology. Our mission will be to bring "Peace of Mind" to our clients by protecting them from financial risks.

I take this opportunity to thank the customers, regulator, business partners, intermediaries, reinsurers and vendors for their support and contribution in our growth. I also wish to place my sincere thanks to our shareholders – Tube Investments of India Limited and Mitsui Sumitomo Insurance Company Limited, Japan for their support and faith in us. Lastly my appreciation and thanks to the entire team of Chola MS for their continued dedication and commitment for profitable growth.

We at Chola MS are convinced that we will continue to live up to the theme of "Accelerated growth with profitability" and continue adding value to all stakeholders.

Regards,

S S Gopalakrishnan

Profile of Directors



Mr. Pradeep V Bhide
Chairman (DIN : 03304262)

Mr. Pradeep V Bhide , I.A.S (Retd.) is a graduate in Science and Law. He also holds a Masters degree in Business Administration with specialization in Financial Management. Mr. Bhide, has held senior positions at the State and Central Government levels. He was the Managing Director in APCO and Godavari Fertilisers & Chemicals Limited and is a Board member of various companies including Tube Investments of India Limited, L&T Finance Limited, L&T Finance Holdings Limited, Glaxosmithkline Pharmaceuticals Limited, Heidelberg Cement India Limited, NOCIL Limited, A.P.I.D.C Venture Capital Private Limited. Mr. Bhide has been associated with the Company as a director since April 2013.

Mr. Beri holds a honours degree in Arts- History and is a MBA from Birla Institute of Technology & Science, Pilani. He has over 38 years of experience in general insurance industry and has served as Insurance Ombudsman for Delhi and Rajasthan. Mr. Beri was Chairman cum Managing Director of The New India Assurance Company Limited and had been the Chairman of National Insurance Academy and the Governing body of Insurance Council. He has held directorships in General Insurance Corporation of India, GIC Housing Finance Limited, TAC, etc., and is on the Board of Trans Africa Assurance Company Limited, Uganda. Mr. Beri has been associated with the Company as a director since July 2010.



Mr. R Beri
Independent Director
(DIN : 03177323)



Mr. A V Muralidharan
Independent Director (DIN: 00015725)

Mr. Muralidharan is a Science graduate and is a member of the Institute of Chartered Accountants of India and Institute of Company Secretaries of India. He was Chairman cum Managing Director of Export Credit Guarantee Corporation of India Limited and has held directorships of various companies including The New India Assurance Company Limited, Agricultural Insurance Corporation of India Export Import Bank of India. His areas of expertise include insurance, risk management, investment & treasury management, corporate law matters etc. He is a director on the Board of GIC Housing Finance Limited. Mr. Muralidharan has been associated with the Company as a director since July 2014.

Ms. Panse, is a M.Sc. graduate from Pune University, C.A.I.I.B and holds D.B.M. (Diploma in Business Management) & MMS (Masters in Management Sciences with specialization in Financial Management) Pune University and also MBA in Bank Management from Drexel University, USA. She has over 38 years of experience in the field of Banking. Ms. Panse has served as Chairman cum Managing Director of Allahabad Bank, Chairman of ALLBANK Finance Limited and the Executive Director of Vijaya Bank Limited. She is on the Boards of various companies including Federal Bank Limited, IL & FS Financial Services Limited, L&T Infrastructure Development Projects Limited and has been associated with the Company as a director since March 2015.



Ms. Shubhalakshmi Panse
Independent Director
(DIN: 02599310)



Mr. N Srinivasan
Non-Executive Director
(DIN : 00123338)

Mr. Srinivasan is a Commerce graduate and is a member of the Institute of Chartered Accountants of India and Institute of Company Secretaries of India. He has over 31 years of varied experience in the areas of corporate finance, legal, projects and general management. Mr. Srinivasan is the Group Director - Finance, of the Murugappa Group and is a Board member of Tube Investments of India Limited, Murugappa Holdings Limited, Cholamandalam MS Risk Services Limited and is the Vice Chairman of Cholamandalam Investment and Finance Company Limited. Mr. Srinivasan has been associated with the Company as a director since August 2007.

Mr. Maki Kumagai holds Bachelor's degree in Arts from Tokyo University of Foreign Studies. He has over 35 years of experience in insurance industry. Mr. Kumagai is a director on the Board of Cholamandalam MS Risk Services Limited and has been associated with the Company as a director since July 2014.



Mr. Maki Kumagai
Non-Executive Director
(DIN : 06897835)



Mr. S S Gopalarathnam
Managing Director
(DIN: 02060399)

Mr. Gopalarathnam is a Commerce graduate, a fellow member of the Institute of Cost & Works Accountants of India and has done an advanced management program in Harvard University. He has been associated with the Murugappa Group for nearly 36 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. Gopalarathnam is a director on the Board of Cholamandalam MS Risk Services Limited.

Mr. Takahiko Shibakawa holds Bachelor's degree in Economics from Kobe University and is working with Mitsui Sumitomo Insurance Company Limited since 1984. Mr. Shibakawa has over 28 years of experience in general insurance industry and is a Board member of Cholamandalam MS Risk Services Limited. Mr. Shibakawa has been associated with the Company as a director since April 2015.



Mr. Takahiko Shibakawa
Wholetime Director
(DIN: 07099972)

Directors' Report to Members

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

FINANCIAL HIGHLIGHTS

(₹ in million)

Particulars	2014-15	2013-14
Gross Written Premium (GWP)		
a) Direct	18904	18551
b) Reinsurance Acceptance	60	167
Total GWP	18964	18718
Net Earned Premium	14821	14314
Net Claims Incurred	10739	10379
Net Commission and expense of management	4644	4116
Investment Income	2575	1746
Operating Profit	2013	1565
Motor pool losses & Declined pool losses (Net of investment income)	(6)	(550)
Profit before tax	2007	1015

INDUSTRY SCENARIO

The Gross Written Premium of non-life Insurers (including Standalone Health) is reported at around ₹847000 million, a growth of around 9.30% over the previous year. This performance is being viewed in the wake of the early stages of economic reforms and weak automobile sales. The market share of public sector companies was 55% and the private sector companies with a year-on-year growth of 9.8% constituted 45%. Motor, Health and Fire Insurance continued to constitute a significant portfolio at about 80%.

The growth in health insurance lines of business was at 16% in FY15 compared to 13% in FY14.

SUMMARY OF COMPANY PERFORMANCE

The Company achieved a Gross Written Premium (GWP) of ₹18904 million registering a marginal growth over the previous year. The Company's market share as at March 31, 2015 was 2.4% (among general insurance companies).

The growth was made possible by a marked improvement in the efficiency of various channels of business sourcing, strong growth in the individual health and weather lines of business. The Company consciously pared down its focus on the government

sponsored health insurance schemes in view of the changed policy terms and predatory pricing by some insurers.

Together with investment income, the Company recorded its highest ever operating profits.

The Company for the first time crossed ₹2 billion mark in profit before tax.

AWARDS AND ACCOLADES

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

- "Golden Peacock Award -Special Commendation for Excellence in Corporate Governance – 2014". This award was conferred for excellence in Corporate Governance.
- "MADDYS 2015 Bronze Award" for creative excellence in radio by The Advertising Club Madras (Choice Chinnappa campaign). This award was conferred for its creativeness on radio channel.
- "MADDYS 2015 Silver Award" for creative excellence in Internal Communications by The Advertising Club Madras (Seat Belt campaign). This award was conferred for successfully organising a seat belt campaign.

BUSINESS OPERATIONS

Growth in business operations were driven by a strong performance in retail with Bancassurance and proprietary distribution channels.

The Company renewed its bancassurance arrangement with Central Bank of India for a further period of 5 years. Distribution building in proprietary channels gained momentum with implementation of transformation programs in agency and direct sales teams. The renewal efficiencies across all channels continued to improve and contributed significantly to top line growth.

Continued focus on tractor dealerships and tie-ups resulted in 10.5% growth in GWP with more than 78000 tractor customers acquired during the year.

Emphasis on rural markets continued with scale up of weather insurance business. Business teams expanded weather insurance offerings to Bihar, UP, Haryana, Rajasthan and Tamil Nadu.

UNDERWRITING

The market continued witnessing the downward trend in pricing. IRDA felt the need for arresting the downward trend and issued a circular in respect of fire, property and group health lines of business, to implement the

market burning cost or individual company burning cost whichever is lower and the deviations, if any, to be approved by the Board. If the same is implemented fully, the underwriting profit for the companies is expected to improve in future.

CLAIMS

The year under review witnessed the claims management function significantly stepping up speed of disposal, reducing the customer complaint levels, higher efficiency through automation etc.

Key highlights include:

- (a) Outstanding claims across lines were lower than the previous year with improved metrics on disposal in motor own damage, health claims etc.
- (b) Additions to the network of hospitals and garages (3892 hospitals & 483 garages in network as of March 2015).
- (c) Stepping up of negotiated settlements in motor third party to over 11500 numbers (highest amongst private sector players) ensuring crystallisation and closure of liability. This incidentally resulted in accolades from Motor Accident Claims Tribunal (MACT).
- (d) Work flow automation operational in health claims & motor third party claims facilitating higher productivity, promoting information symmetry.
- (e) Renewal of ISO certification in Motor OD and Health claims processing.
- (f) Strong quarter-on-quarter reduction in customer complaints on claims servicing.
- (g) Paying of claims through Lok Adalats.

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

REINSURANCE

The international reinsurance market was soft whereas the Indian market was hard due to the CAT losses in the Indian market. Chola MS was not affected by the CAT losses, which helped to complete the RI placement for the year 2015-16 with better terms. Chola MS continued the lead with General Insurance Corporation of India (GIC) for all its proportional and non proportional programs except for the agricultural and health reinsurance programs. Overall, Chola MS secured improved terms compared to last year renewal.

INVESTMENTS

The Company's investment portfolio including motor pool investments grew to ₹31646 million as at March 31, 2015 (₹23282 million as at March 31, 2014). The prudent investment management policy with its emphasis on the objectives of safety, liquidity and optimizing yield aided by the favourable interest rate environment helped in growing the investment income and in securing a gross yield of 10.06% (previous year 9.3%) – the highest in the last several years. The investment portfolio duration was at 3.4 years with adequate liquidity. The unrealized gain on the Investment book stood at ₹430 million as at March 31, 2015.

HUMAN RESOURCES

Recruitment

Total recruitments during the year were 148 employees across all locations in India and headcount as on March 31, 2015 was 737.

Employee Engagement

“Voices” – Employee Engagement Survey was launched in FY15. 100% survey was undertaken online. 87% participation was recorded. The Company scored 68% engagement level score as against 81% of Hewitt India Best Employer. Action plans were put in place functionally to further improve employee engagement.

Learning & Development

- Training programs covering functional, behavioural and insurance domain were imparted. Average 2 man days training per person per year was imparted.
- Personal effectiveness and Managerial effectiveness modules of Leadership Emerging Amidst Growth (LEAG) completed. LEAG is focussed on Band 2 as a Leadership Development Program. All Band 1 employees completed Development Centre in Q3. Individual Development Program will be developed and deployed in FY16.

INFORMATION TECHNOLOGY

The Company implemented several IT initiatives during the year.

E-Commerce Initiatives

- Implemented web based selling for all new retail products concurrently with the product launch enabling instant availability of products in the “Digital Space”.
- Implemented the E-policy/ E-proposal for all new retail products concurrently with the product launch.

Mobility Solutions

- Launched “Health Proposal-on-the-Go” for health products.

- Revamping of “Motor Proposal-On-the-Go” for enhancing customer experience and ease of use launched.
- “CRM-on-the-go” Lead management integrated to the Customer Relationship Management (CRM) application on mobile platform launched.
- Implemented “Premium-Calculator-on-the-go” for all motor products enabling partners to generate quotes and auto mail the same to customers as per the pricing model of Chola MS on mobility platform.
- Chola MS “Motor-Insurance-On-the-Go”, a mobility solution delivering value added services to Private Car and Chola Protect customers, including delivery of policy image, nearest cashless garage direction on systems on GPRS, simple motoring and maintenance tips etc., launched. The mobile app also enables claim notification and tracking.
- Chola MS “Wellness-On-the-Go” version-2 with enhancements was launched with claim intimation, medical records wallet, ambulance service locator and other wellness apps.

SUPPORT FROM MSI

Mitsui Sumitomo Insurance Company Limited (MSI) Japan, the joint venture partner continues 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, 2015 was at ₹2988 million and the networth as at that date was ₹7190 million. During the year, the Company has not issued shares.

The Company’s solvency ratio as at March 31, 2015 was 1.59 times as against the mandated threshold of 1.50 times.

DIVIDEND

Though the Company has reported net profits of ₹1371 million, the Board does not recommend any dividend for the financial year, considering the need for capital to support planned business growth of the current financial year.

TRANSFER TO RESERVES

A sum of ₹1000 million, has been transferred to the General Reserve as an appropriation of profits.

OUTLOOK FOR 2015-16

Considering the prevailing optimism surfacing from an anticipated uptick in the economy arising from series of measures taken by the new Government, the industry growth in 2015-16 is expected to be around 15% and cross ₹910 billion. The industry is expected to grow faster in the second half of the year with revival in the auto sector and the growth in the health line of business. Efforts from all players in deepening the penetration in the industry should help in sustaining the growth momentum and result in improved operating results.

The revision in motor third party premium pricing announced effective April 1, 2015, is a laudable step by the Regulator. The entry of new players, proposal to permit newer channels such as insurance marketing firms etc., are likely to alter the market dynamics and pose a fresh set of challenges.

The Company is planning a rationalized growth across lines, geographies and channels enabled by its key initiatives in mobile technology, CRM and data analytics.

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

CORPORATE GOVERNANCE

A report on the corporate governance, including the status of the implementation of norms as per IRDA circular no. IRDA/F&A/CIR/025/2009-10 dated August 5, 2009 is attached as **Annexure A** to this Report .

BOARD MEETINGS

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

The dates of the board meetings are fixed in advance for the full calendar year to enable maximum attendance from Directors. The notice of board meeting is given

well in advance to all the Directors. The agenda of the Board / Committee meetings are circulated at least a week prior to the date of the meeting.

There are eight Committees of the Board. Details of all the Committees 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 in **Annexure A**. The intervening gap between meetings did not exceed 120 days.

AUDIT COMMITTEE

The Audit Committee was reconstituted during the year, in terms of the requirements of section 177 of the Companies Act, 2013 (the Act). The Audit Committee comprises of three independent directors viz., Mr. A V Muralidharan, Mr. R Beri and Ms. Shubhalakshmi Panse and two non executive directors viz., Mr. N Srinivasan and Mr. Maki Kumagai.

The role of the Committee and the details of audit committee meetings 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 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, Policyholders' Protection Committee, Nomination & Remuneration Committee and CSR Committee. The performance evaluation of the Chairman and non independent directors were carried out by the independent directors at their separate meetings held in terms of Schedule IV of the Act.

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

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

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

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

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions entered by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee for approval. Details of related party transactions are dealt with in note 21 of Schedule 16 to the financial statements.

DIRECTORS

Appointment

The Board of Directors at their meeting held on July 28, 2014, appointed Mr. Maki Kumagai and Mr. A V Muralidharan as additional directors. Ms. Shubhalakshmi Panse, was appointed as additional director at the Board meeting held on March 23, 2015.

Mr. A V Muralidharan and Ms. Shubhalakshmi Panse were appointed in the category of Independent Directors, under the provisions of Section 149 of the Companies Act, 2013.

At the thirteenth annual general meeting held on July 28, 2014, Mr. R Beri, was reappointed as independent director in terms of the provisions of section 149 to hold office upto a period of one year from the date of the 13th annual general meeting.

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

The Company has received notice from members under the provisions 160 of the Act alongwith the necessary deposit proposing the appointment of directors. Your directors recommend the appointment of Mr. A V Muralidharan as Independent Director, for a period of two consecutive years upto the conclusion of

sixteenth annual general meeting, Ms. Shubhalakshmi Panse as Independent Director for a period of three consecutive years upto the conclusion of seventeenth annual general meeting and the appointment of Mr. Maki Kumagai as non executive director to the general body.

Wholetime Director

Mr. Takahiko Shibakawa was nominated by MSI in the place of Mr. Yamane. The Board appointed Mr. Shibakawa as wholetime director for a period of two years with effect from April 1, 2015, subject to the approval of IRDA and shareholders.

The notice proposing the candidature under section 160 of the Act with requisite deposit has been received from a member proposing the candidature for appointment of Mr. Shibakawa.

The Board of Directors recommend his appointment to the general body.

Changes

During the year, Mr. S B Mathur, Chairman of the Company, retired at the thirteenth annual general meeting and did not seek re-appointment.

Mr. Pradeep V Bhide was elected as the Chairman of the Company at the Board meeting held on July 28, 2014.

Mr. Tsuyoshi Yamane was re-appointed as Wholetime Director by the shareholders at the thirteenth annual general meeting held on July 28, 2014, for a further period of one year upto March 31, 2015. The nomination of Mr. Yamane, was withdrawn by MSI with effect from the close of business hours on March 31, 2015.

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

During the year under review, Mr. Pradeep V Bhide retire by rotation at the ensuing annual general meeting and is eligible for re-appointment.

KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of the Company as at March 31, 2015, in terms of the provisions of section 203 of the Companies Act, 2013 are Mr. S S Gopalarathnam, Managing Director, Mr. Tsuyoshi Yamane, Wholetime Director, Mr. S K Rangaswamy, Chief Financial Officer and Mr. Suresh Krishnan, Company Secretary.

During the year, due to change in organization structure with effect from August 1, 2014, Mr. V Suryanarayanan, Chief Financial Officer was transferred to Claims department and was designated as Executive Vice

President & Head –Claims and Mr. S K Rangaswamy was appointed as Chief Financial Officer with effect from August 1, 2014. Consequent to change in MSI nomination, Mr. Takahiko Shibakawa was appointed as Wholetime Director with effect from April 1, 2015.

STATUTORY AUDITORS

M/s. Brahmayya & Co, Chartered Accountants, Chennai and M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, have been the joint statutory auditors of the Company since 2011-2012 and have completed 4 years of statutory audit each.

As per IRDA circular dated July 25, 2005, insurance companies shall appoint joint statutory auditors upto a maximum tenure of 5 years for each audit firm subject to the condition that one auditor shall be rotated after 4 years and the other after 5 years at the first instance, so that both auditors are not rotated at the same time.

M/s. Sundaram & Srinivasan retire at the ensuing annual general meeting and the Board recommends the appointment of M/s. Sharp and Tannan as one of the joint statutory auditors of the Company for a period of five years commencing from the conclusion of the fourteenth annual general meeting till the conclusion of nineteenth annual general meeting subject to ratification of such appointment by members at every annual general meeting. M/s. Sharp and Tannan have confirmed on the satisfaction of the eligibility criteria prescribed in the above referred IRDA circular and section 141 of the Companies Act, 2013.

The Board also recommends the re-appointment of M/s Brahmayya & Co. Chartered Accountants, who retire at the ensuing AGM, for a period of one year commencing from the conclusion of the fourteenth annual general meeting till the conclusion of fifteenth annual general meeting. M/s Brahmayya & Co. have confirmed on the satisfaction of the eligibility criteria prescribed vide IRDA circular dated July 25, 2005 and section 141 of the Companies Act, 2013.

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 2014-15. The secretarial audit report is appended to this report as **Annexure E**.

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. The Risk Management Committee also periodically reviews the changes in the risk categorization both in terms of risk improvements as well as risk deterioration as well as emerging risks in terms of new risks identified. The Company has established a business continuity management framework for mitigating business disruption risks. The asset liability management is reviewed by the Risk Management Committee of the Board on a quarterly basis. The Board reviews the risk management initiatives undertaken by the Committee every year.

INTERNAL CONTROL SYSTEM

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

Internal audit of process was conducted by M/s. KPMG, internal auditor and the transaction audit was conducted by in-house internal audit team for FY 2014-15. Key observations, recommendations and compliance status of the previous key audit findings of internal auditors are reported to the Audit Committee at its quarterly meetings. The Chairman of the Audit Committee briefs the Board on deliberations taken place at the Audit Committee meetings.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

With the enactment of the Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee was constituted by the Board, comprising of Mr. Pradeep V Bhide, Mr. A V Muralidharan and Mr. S S Gopalathnam as its members. CSR policy in line with the Murugappa Group philosophy and the provisions of section 135 of the Act read with Schedule VII and the rules made there under, was put in place comprising of programs viz., a) providing basic health care facilities to economically backward societies across geographical areas b) improving access to education c) provision of skill development / vocational training d) rural development e) environmental sustainability f) promoting sports, arts & culture g) sustainable livelihood. 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 ₹14 million towards CSR spend, out of which ₹9.37 million was spent towards CSR activities approved by the Committee. Being the first year of the Act becoming applicable and the CSR policy being approved during the second quarter of the Financial Year, the Company could not spend the entire amount earmarked for CSR activities. However the Company has identified various programmes and is in the process of implementing activities earmarked.

The report on CSR activities is attached as **Annexure G** to this report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

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 IRDA 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 ₹1346 million and ₹1868 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 Profit & Loss Account for the year ended March 31, 2015 and the Balance Sheet as at that date ("financial statements") and confirm that:

- in the preparation of the Profit and Loss Account and the Cashflow statement for the year ended March 31, 2015 and the Balance Sheet as at that date (Financial Statements), the applicable accounting standards read together with IRDA Orders / Regulations mandating financial statements related prescriptions have been followed ;
- appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made (including those with respect to the contingent liabilities more specifically dealt with in Note 6 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 and cash flows 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;
- the financial statements 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

An extract of the Annual Return in form MGT 9 as on March 31, 2015 is annexed as **Annexure H** to this report.

PARTICULARS OF EMPLOYEES

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

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 I** to this report, forms part of the financial statements.

ACKNOWLEDGEMENT

The directors wish to thank the Insurance Regulatory Development Authority (IRDA) and other statutory authorities for their continued support and guidance. The directors also place on record their sincere thanks for the support and 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

May 4, 2015
Chennai

Pradeep V Bhide
Chairman

Annexure A to the Directors' Report

REPORT ON CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE PHILOSOPHY

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

The Board recognizes that, the governance expectations are constantly evolving and it is committed to keeping its standards of elements 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 policyholders, employees, customers, vendors, shareholders and other stakeholders based on the principles of good corporate governance.

The Company firmly believes in and follows the Arthasastra 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, 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". Stepping into its 14th year of operations in FY 2015-16, the Company reinforces its commitment to corporate governance principles. 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.

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

BOARD COMPOSITION

The Board has been constituted in a manner, which results in an appropriate mix of executive / non-executive and independent directors to ensure proper governance and management. The Board members have collective experience in diverse fields like insurance, finance, investments, compliance and general management. The directors are elected based on their qualification and experience in varied fields as well as Company's business needs.

The Company, being a joint venture between the Murugappa Group (MG) represented by Tube Investments of India Limited (TII) and Mitsui Sumitomo Insurance Company Limited (MSI), Japan

comprises representatives of MG and MSI in addition to Independent Directors on the Board. The Board comprises of 8 directors viz: 2 MG non-executive directors, 1 MG Managing Director, 1 MSI non executive director, 1 MSI Wholetime Director and 3 independent directors. A brief profile of the directors is provided elsewhere in the annual report for the information of the shareholders.

During the year, Mr. S B Mathur retired from the Board and Pradeep V Bhide was elected as Chairman by the Board at its meeting held on July 28, 2014. In compliance with the provisions section 149(1) of the Companies Act, 2013 ('the Act'), which mandates appointment of woman director on the Board of certain class of companies, Ms. Shubhalakshmi Panse, was appointed as independent director on the Board.

The offices of the Chairman and CEO 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 their eligibility criteria of independence under the Act. Further, an annual declaration confirming the 'Fit & Proper' criteria prescribed in the corporate governance guidelines issued by IRDA is also provided by all the directors.

The nature of directorship of directors as at March 31, 2015 including the details of their other Board directorship is provided below:

Name of the Director	Nature of Directorship	No. of Directorship excluding Chola MS*
Mr. P V Bhide	Non-Executive / MG nominee	6
Mr. R Beri	Non-Executive / Independent	-
Mr. A V Muralidharan	Non-Executive / Independent	1
Ms. Shubhalakshmi Panse	Non-Executive / Independent	5
Mr. N Srinivasan	Non-Executive / MG nominee	4
Mr. Maki Kumagai	Non-Executive / MSI nominee	1
Mr. S S Gopalathnam	Managing Director / MG nominee	1
Mr. Tsuyoshi Yamane	Wholetime Director / MSI nominee	1

*excludes private limited companies, companies under section 8 of Companies Act, 2013, foreign companies and alternate directorships.

BOARD MEETINGS

During the year ended March 31, 2015, 5 meetings of the Board of Directors were held on the following dates, April 24, 2014, July 28, 2014, October 28, 2014,

February 2, 2015 and March 23, 2015. The attendance of directors at the meetings is given below:

Name of Director	April 24, 2014	July 28, 2014	October 28, 2014	February 2, 2015	March 23, 2015
Mr. S B Mathur (till July 28, 2014)	✓	✓		NA	
Mr. Pradeep V Bhide	✓	✓	✓	✓	✓
Mr. R Beri	✓	✓	Leave of absence	✓	✓
Mr. A V Muralidharan (from July 28, 2014)	NA	✓	✓	✓	✓
Ms. Shubhalakshmi Panse (from March 23, 2015)			NA		✓
Mr. N Srinivasan	✓	✓	✓	✓	✓
Mr. Maki Kumagai (from July 28, 2014)	NA	✓	✓	✓	✓
Mr. S S Gopalathnam	✓	✓	✓	✓	✓
Mr. Tsuyoshi Yamane	✓	✓	✓	✓	✓

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 formats of declarations / disclosures from a director. 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 is posted on the website of the Company.

COMMITTEES OF THE BOARD

Various Committees have been constituted to support the Board in discharging its responsibilities and in line with the requirements of IRDA regulations and the Companies Act.

The Board at the time of constitution of Committee, defines the terms of reference for the said Committee and also authorises the Committee 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 also attend the meetings of the Committees as and when necessary.

In March 2014, the Corporate Social Responsibility (CSR) Committee was constituted pursuant to the provisions of section 135 of the Companies Act, 2013. The following are the eight Committees constituted by the Board:

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

Audit Committee

Terms of reference:

Audit Committee was constituted as per the requirements of Companies Act and Corporate Governance guidelines of IRDA. During the year, the terms of reference of Audit Committee was reviewed by the Board in line with the requirements of the Companies Act, 2013. The role of the Audit Committee inter alia includes the following:

Internal Audit

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

Other functions

- review and approve related party transactions of the Company and any modifications thereof;
- 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:

Consequent to change in Board composition and as per the requirements of section 177 of the Companies Act, 2013, the Committee was reconstituted during the year. The Committee comprises of five members. 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. S B Mathur (till July 28, 2014)	Independent Director	2(2)
Mr. A V Muralidharan (from July 28, 2014)	Independent Director	4(4)
Mr. R Beri	Independent Director	4(6)
Mr. N Srinivasan	Non Executive Director	6(6)
Mr. Maki Kumagai (from July 28, 2014)	Non Executive Director	4(4)
Ms. Shubhalakshmi Panse (from March 23, 2015)	Independent Director	NA

In accordance with the Corporate Governance guidelines of IRDA and IRDA (Investment) (5th Amendment) Regulations, 2013, the Audit Committee shall be chaired by an independent director who shall also be a Chartered Accountant. Accordingly, after the retirement of Mr. Mathur, the Board at its meeting held on July 28, 2014 appointed Mr. A V Muralidharan, who is a Chartered Accountant as Audit Committee member and the Committee at its meeting held on October 27, 2014 elected Mr. Muralidharan as the Chairman of the Committee.

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

The statutory auditors and internal auditors are invited for the meetings of the Audit Committee. During the year, the Audit Committee has held separate discussions with the statutory and internal auditors without the presence of the management team on April 24, 2014 and on October 27, 2014.

Investment Committee

Terms of reference:

Investment Committee was constituted in terms of IRDA (Investment) Regulations. The terms of reference of Investment Committee inter alia includes:

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

Composition & Meetings:

The Committee was reconstituted during the year. The Committee comprises of six members including the Chief Financial Officer (CFO) and Chief Investment Officer (CIO). The Appointed Actuary on consulting basis is invited for all meetings of the Committee. During the year ended March 31, 2015, the Committee met five times. Consequent to Mr. Yamane's stepping down as member of the Committee Mr. Takahiko Shibakawa was appointed as member with effect from April 1, 2015. The Chairman of the Committee is Mr. N Srinivasan. The composition of the Committee as at March 31, 2015 and the attendance of each member at the Investment Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. N Srinivasan	Non Executive Director	5(5)
Mr. S B Mathur (till July 28, 2014)	Independent Director	2(2)
Mr. Pradeep Bhide (from July 28, 2014)	Non Executive Director	3(3)
Mr. S S Gopalarathnam	Managing Director	5(5)
Mr. Tsuyoshi Yamane	Wholetime Director	5(5)

Risk Management Committee

Terms of reference:

The Risk Management Committee was constituted in terms of Corporate Governance guidelines of IRDA.

The terms of reference of Risk Management Committee broadly includes:

- 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 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:

Consequent to change in composition of Board, the Committee was reconstituted during the year. The Committee comprises of five members. The Committee met four times during the year ended March 31, 2015. Mr. S B Mathur was the Chairman of the Committee till July 28, 2014 and after his retirement, Mr. R Beri was elected as the Chairman of the Committee at its meeting held on February 2, 2015. The composition of the Committee as at March 31, 2015 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. S B Mathur (till July 28, 2014)	Independent Director	2(2)
Mr. R Beri	Independent Director	3(4)
Mr. Pradeep V Bhide (from July 28, 2014)	Non Executive Director	2(2)
Mr. N Srinivasan	Non Executive Director	4(4)
Mr. Maki Kumagai (from July 28, 2014)	Non Executive Director	2(2)
Mr. S S Gopalarathnam	Managing Director	4(4)

Policyholders' Protection Committee

Terms of reference:

In terms of the requirements of Corporate Governance guidelines of IRDA, Policyholders' Protection Committee was constituted. The terms of reference of the Committee broadly covers:

- review status of complaints and customer handling mechanism at periodic intervals;
- ensure improvement of quality of customer contact.

Composition & Meetings:

The Committee comprises of four members. During the year ended March 31, 2015, the Committee met four times. With effect from April 1, 2015, Mr. Takahiko Shibakawa was inducted as Committee member and Mr. Yamane ceased to be a member with effect from March 31, 2015, consequent to withdrawal of his nomination by MSI. Mr. R Beri is the Chairman of the Committee. The composition of the Committee as at March 31, 2015 and the attendance of each member at the Policyholders' Protection Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. R Beri	Independent Director	3(4)
Mr. N Srinivasan	Non Executive Director	4(4)
Mr. S S Gopalarathnam	Managing Director	4(4)
Mr. Tsuyoshi Yamane	Wholetime Director	4(4)

Corporate Social Responsibility Committee

Terms of reference:

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

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

Composition & Meetings:

CSR Committee comprises of three members. During the year, the Committee was reconstituted consequent to retirement of Mr. S B Mathur. Mr. Pradeep V Bhide is the Chairman of the Committee. The Committee met four times during the year. The composition of the Committee as at March 31, 2015 and the attendance of each member at the CSR Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. S B Mathur (till July 28, 2014)	Independent Director	1(1)
Mr. Pradeep V Bhide	Non Executive Director	4(4)
Mr. A V Muralidharan (from July 28, 2014)	Independent Director	3(3)
Mr. S S Gopalarathnam	Managing Director	4(4)

Nomination and Remuneration Committee

Terms of reference:

The Companies Act, 2013 mandates constitution of Nomination and Remuneration Committee by certain class of companies and prescribes broadly the functions of the Committee. The Board at its meeting held on April 24, 2014, approved the change in nomenclature of "Compensation & Nomination Committee" to "Nomination & Remuneration Committee" and reviewed the terms of reference of the Committee in line with the requirements of the Act.

The terms of reference of Nomination & Remuneration Committee broadly comprises:

- identification of persons for appointment as Directors and senior management;
- formulate criteria for determining qualifications, positive attributes and independence of directors;
- formulate remuneration policy relating to the remuneration for the directors, key managerial personnel and such other senior management personnel as may be decided by the Committee;
- determine the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment;
- determine the remuneration package, including the periodic increments in salary, of the executive directors.

Composition & Meetings:

The Committee comprises of four members and was reconstituted consequent to change in Board composition. Mr. R Beri, is the Chairman of the Committee. During the year ended March 31, 2015, the Committee met four times. The composition of the Committee as at March 31, 2015 and the attendance of each member at the Nomination & Remuneration Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. S B Mathur (till July 28, 2014)	Independent Director	2(2)
Mr. R Beri	Independent Director	4(4)
Mr. A V Muralidharan (from July 28, 2014)	Independent Director	2(2)
Mr. N Srinivasan	Non Executive Director	4(4)
Mr. Maki Kumagai (from July 28, 2014)	Non Executive Director	2(2)

Business Committee

Terms of reference:

Business Committee is in the nature of non mandatory committee. 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 ₹50 million;
- review of status of major claims besides recommending to the Board the annual re-insurance programme.

Composition & Meetings:

The Committee comprises of five members. Mr. Tsuyoshi Yamane ceased to be a member consequent to withdrawal of his nomination by MSI with effect from March 31, 2015 and Mr. Takahiko Shibakawa was inducted as Committee member with effect from April 1, 2015. Mr. N Srinivasan is the Chairman of the Committee and the Committee met three times during the year ended March 31, 2015. The composition of the Committee as at March 31, 2015 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	Non Executive Director	3(3)
Mr. Pradeep V Bhide	Non Executive Director	3(3)
Mr. R Beri	Independent Director	2(3)
Mr. S S Gopalarathnam	Managing Director	3(3)
Mr. Tsuyoshi Yamane	Wholetime Director	3(3)

Management Committee

Terms of reference:

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

- 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.

Composition & Meetings:

The Committee comprises of four members. During the year, the Committee was reconstituted consequent to change in Board of Directors. After retirement of Mr. S B Mathur, the Committee at its meeting held on October 27, 2014, elected Mr. P V Bhide as the Chairman of the Committee. The Committee met five times during the year. The composition of the Committee as at March 31, 2015 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. S B Mathur (till July 28, 2014)	Independent Director	2(2)
Mr. Pradeep V Bhide (from July 28, 2014)	Non Executive Director	3(3)
Mr. S S Gopalarathnam	Managing Director	5(5)
Mr. N Srinivasan	Non Executive Director	5(5)
Mr. Maki Kumagai (from July 28, 2014)	Non Executive Director	3(3)

REMUNERATION OF DIRECTORS

Managing Director and Wholetime Director are the only Executive Directors of the Company. The compensation of the Managing Director comprises fixed component and a performance incentive. 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 Wholetime Director is on secondment from MSI, Japan and the remuneration is paid by way of reimbursement of secondment charges to MSI, Japan. 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. The Commission paid to the Directors are generally, in the normal course, restricted to a fixed sum for all the non-executive directors subject to 1% of net profits of the Company. The sum is reviewed periodically taking into consideration various factors such as performance of the Company, time spent by the directors for attending to the affairs of the Company and extent of responsibilities cast on director under general law and other relevant factors and is payable subject to availability of sufficient profits. The Commission paid to Chairman of the Board is restricted to twice the commission the other members of the Board are entitled in view of the larger role and responsibilities.

The details of remuneration paid to the directors during the financial year ended March 31, 2015 is provided in Annexure H to the directors' report.

The remuneration paid to Mr. S S Gopalarathnam, Managing Director and the secondment charges reimbursable to Mitsui Sumitomo Insurance Company Limited, Japan in respect of Mr. Tsuyoshi Yamane, Wholetime Director is in accordance with the terms of appointment approved by the Board of Directors, the shareholders and IRDA and is provided in notes 21 and 24 of Schedule 16 to the financial statements.

ANTI FRAUD POLICY

The Company is committed to the highest standards of governance and integrity in all its dealings with various stakeholders and has a zero tolerance to fraud. As a part of its ongoing efforts to ensure that the Company operates in an ethical manner and as per IRDA requirements an anti fraud policy approved by the Board has been 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 which includes mailers, posters 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 the 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 IRDA, the Company has put in place a "Whistle Blower Policy" for reporting any concerns or grievances by employees / customers / intermediaries and others dealing with the Company. The Board reviews the cases referred under Whistle blower policy at its quarterly meetings. The Company takes various initiatives for publicizing the policy which includes uploading the policy on the intranet of the Company, sending mailers, displaying posters across all branches.

POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORK PLACE

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

During the year ended March 31, 2015, the Company has not received any complaints under the policy.

DISCLOSURE UNDER CORPORATE GOVERNANCE GUIDELINES OF IRDA

Additional work entrusted to Statutory / Internal Auditors:

Clause 7.1 of the Corporate Governance guidelines prescribed by IRDA, requires that the additional work entrusted to the statutory auditors / internal auditors of the Company or their associates to be approved by the Board and disclosed. During the financial year ended March 31, 2015, the below assignments were entrusted to statutory auditors.

(₹ in million)

Work Entrusted	Brahmayya & Co	Sundaram & Srinivasan
Limited review of three quarters of FY 2014-15	0.23	0.23
Tax audit including certification under transfer pricing	0.30	-
Certification under IRDA regulation	0.23	0.20
Total	0.76	0.43

Claims details:

In terms of the disclosure requirements on unpaid claims prescribed in clause 9 of the Corporate Governance guidelines of IRDA, the details are furnished below for the financial year 2014-15:

S.No	Particulars	Number of claims
1	Claims pending at the beginning of the year	45225
2	Claims intimated during the year	187794
3	Claims disposed during the year	187626
4	Claims pending at the end of the year	45393

Ageing of pending claims	Number of claims
Less than 3 months	16910
3 months to 6 months	3573
6 months to 1 year	6031
1 year and above	18879

GENERAL BODY MEETINGS

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

AGM / EGM	Date of the meeting	Resolutions passed
13 th AGM	July 28, 2014	<ul style="list-style-type: none"> - approval of audited accounts for FY 2013-14; - re-appointment of Mr. N Srinivasan as Director; - retirement of Mr. S B Mathur by rotation and did not seek re-appointment; - re-appointment of statutory auditors and approval of remuneration; - appointment of Mr. R Beri as Independent Director for a period one year from the date of 13th AGM; - re-appointment of Mr. Tsuyoshi Yamane as Wholetime director for a period of one year with effect from April 1, 2014.
12 th AGM	July 27, 2013	<ul style="list-style-type: none"> - approval of audited accounts for FY 2012-13; - re-appointment of Mr. R Beri & Mr. Katsuhiko Kaneyoshi as Director; - re-appointment of statutory auditors and approval of remuneration; - appointment of Mr. Pradeep Bhide as director; - re-appointment of Mr. Tsuyoshi Yamane as Whole time Director for a further period of one year; - approval for payment of commission to non executive directors.
EGM	January 25, 2013	<ul style="list-style-type: none"> - approval for making donations in excess of limits prescribed under Section 293(1)(e) of Companies Act 1956; - approval for re-appointment of Managing Director.
11 th AGM	July 28, 2012	<ul style="list-style-type: none"> - approval of audited accounts for FY 2011-12; - re-appointment of Mr. N Srinivasan, Mr. Tsuyoshi Yamane & Mr. Hisatoshi Saito as Director; - re-appointment of statutory auditors and approval of remuneration; - re-appointment of Mr. Tsuyoshi Yamane as Whole time Director for a further period of 1 year; - approval for increase in authorized share capital from ₹304 crore to ₹324 crore and consequential amendments to the MOA / AOA of the Company.

MEANS OF COMMUNICATION

In terms of IRDA 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, 2014 and September 30, 2014 in Business Standard and Makkal Kural within the mandated timeline in May 2014 and November 2014 respectively.

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

COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES

IRDA has vide its circular dated August 5, 2009 issued 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 IRDA's circular IRDA/F&I/CIR/F&A/014/01/2010 dated January 29, 2010 is provided below.

For and on behalf of the Board

May 4, 2015
Chennai

Pradeep V Bhide
Chairman

CERTIFICATION FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES FOR 2014-15

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

Suresh Krishnan
Company Secretary

Annexure B to the Directors' Report

POLICY FOR BOARD NOMINATIONS

The Nomination and Remuneration Committee (N & R Committee) of the Board is responsible for identifying persons for 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 N&R Committee of the Company in terms of section 178(3) of the Companies Act, 2013 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 judgment;
- Demonstrates intelligence, maturity, wisdom and independent judgment;
- Self-confidence to contribute to board deliberations, has a stature that other board members will respect his or her views.

Experience and Background

- Well accomplished in his / her respective field;
- Demonstrated success at policy-setting and strategy development levels in a large organization (such as corporation, government, academic institution or profession);
- Typically first level leadership position (i.e., Chair, CEO or President or equivalent) or second level (i.e., COO, CFO or head of a major subsidiary or line of business) unless the Board is seeking a particular skill set (e.g., technology, human resources management or financial expert);
- Leadership role - at the time a potential director's initial candidacy is evaluated, must either be current or very fresh and recent, and 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 demeanor, attitude and interpersonal skills that indicate the candidate will be an effective member of the Board of Directors "team" in a major company setting;
- Should act on fully informed basis, in good faith, with due diligence and care and in the best interest of the Company and its stakeholders;
- Should be able to exercise objective independent judgment 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;
- 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.

Annexure C to the Directors' Report

CRITERIA FOR SENIOR MANAGEMENT

The Nomination and Remuneration Committee (N&R Committee) of the Board is responsible for identifying persons who are qualified to be appointed in senior management. The following criteria laid down by the N&R Committee of the Company in terms of section 178(2) of the Companies Act, 2013 are to be considered for induction of a person into the senior management positions.

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

Personal Traits

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

Competencies

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

cultural sensitivity, flexibility, team player, strategic thinking, creating a shared vision, etc.

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

Experience and Background

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

Fit

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

Annexure D to the Directors' Report

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 the Company.

This Policy is guided by the principles and objectives as enumerated in Section 178 of the Companies Act, 2013 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") are paid remuneration by way of sitting fees and commission.

2.2 As approved by the shareholders, commission is paid at a rate not exceeding 1% per annum of the profits of the Company computed in accordance with Section 198 of the Companies Act, 2013. The commission paid is restricted to a fixed sum within the above limit annually on the basis of their tenure in office during the financial year.

2.3 The payment of the commission to the NEDs is 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 is fixed subject to the statutory ceiling. The fee is reviewed periodically and aligned to comparable best in class companies.

2.4 Keeping with evolving trends in industries and considering the time and efforts spent by specific non-executive directors, the practice of paying differential commission is considered by the Board.

3. Remuneration of Executive Directors

3.1 The compensation paid to the Executive Directors (including Managing Director) is within the scale

approved by the Shareholders. The elements of the total compensation are approved by the Nomination & Remuneration Committee (N&R Committee) within the overall limits specified under the Companies Act, 2013.

3.2 The elements of compensation of the Executive Director include the elements as described in para 4 below.

3.3 The N&R Committee determines the annual variable pay compensation in the form of annual incentive and annual increment for the Executive Director based on Company's and individual's performance as against the pre-agreed objectives for the year.

3.4 The Executive Director, except a promoter director, is also eligible for ESOPs (if any) as per the scheme in force from time to time. Grants under the Scheme shall be approved by the N&R Committee.

3.5 In case of inadequacy of profit in any financial year, the remuneration payable to the Executive Director shall be further subject to the relevant provisions of the Companies Act, 2013.

3.6 Executive Directors 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 / other employees consists of:

4.1.1 fixed compensation

4.1.2 variable compensation in the form of annual incentive

4.1.3 benefits

4.1.4 work related facilities and perquisites

4.2 In addition, select senior executives are eligible for long-term incentive plan in the form of ESOPs, if any, as per the scheme in force from time to time. Grants under the Scheme are approved by the N&R Committee.

4.3 Fixed compensation is 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 includes basic salary, housing allowance, leave travel allowance and a cash allowance.

- 4.4 The Annual Incentive (variable pay) of executives is linked directly to the performance of the Business Unit and the Company in accordance with the Employees Incentive Scheme of the Company.
- 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, Gratuity, etc.,)
- 4.6 Employees are also eligible for work related facilities and perquisites as may be determined through HR policies issued from time to time based on the grade of the employee.
- 4.7 A formal annual performance management process is applicable to all employees, including senior executives. Annual increases are fixed and variable compensation of individual executives are 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, if any, as per the ESOP program 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. Adoption, Changes and Disclosure of Information

5.1 This Remuneration Policy and any changes thereof are approved by the Board of Directors based on the recommendation(s) of the N&R Committee.

5.2 The policy may be reviewed at such intervals as the Board or N&R Committee may deem necessary.

5.3 Disclosures of this Remuneration Policy would be made as required under the Companies Act, 2013 and such other Regulations, if any.

Annexure E to the Directors' Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LIMITED

Dare House, II Floor, N S C Bose Road,
Parrys, Chennai – 600001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LIMITED Corporate Identity Number: U66030TN2001PLC047977 (hereinafter called "the 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 Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the 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, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Since the Company is an unlisted Public Company 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 Company has not dealt with the matters relating to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings under FEMA and hence, the question

of complying with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder does not arise;

- (v) Since the Company is an unlisted Public Company and hence the question of complying with the provisions of the following Regulations (a to h) 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, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) 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;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Other Applicable Laws –
 - a) Insurance Act, 1938 and its rules, made thereunder.

- b) IRDA Regulations, Notifications, Circulars, Directions and Guidelines made thereunder.
- c) The Payment of Gratuity Act, 1972
- d) The Maternity Benefit Act, 1961
- e) The Minimum Wages Act, 1948
- f) The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- g) Payment of Bonus Act, 1968
- h) Employee Provident Fund And Miscellaneous Provisions Act, 1952
- i) Contract Labour (Regulation & Abolition) Act – 1970 and Central Rules 1971
- j) The Workmen Compensation Act, 1923
- k) The Payment of Wages Act, 1936
- l) The Industrial Establishments (Conferment of Permanent Status of Workmen) Act, 1981
- m) Equal Remuneration Act, 1976
- n) The Employees' State Insurance Act, 1948
- o) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and such other labour laws applicable to the Company.

With respect to Fiscal laws such as Income Tax, Wealth Tax, Professional Tax, Central Sales Tax & Local Sales Tax, based on the information & explanations provided by the management and officers of the Company and also on verification of reports of professionals including reports of Internal Audit, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

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

- (i) Secretarial Standards on General and Board Meetings specified by the Institute of Company Secretaries of India (ICSI) as prescribed under Section 118(10) of the Act are applicable with effect from 1st July, 2015. However, the Secretarial Standards 1 and 2 relating to Board Meetings and General Meetings which were issued by the ICSI as recommendatory have been complied by the Company.

- (ii) Since the Company is an unlisted Public Company and hence the question of complying with the provisions of the Listing Agreement(s) does not arise.

During the period under review the 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 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.

Based on the verifications of the records and minutes the decisions are carried through with the consent of majority of the Board of Directors / Committee Members and there are no dissenting member's views recorded in the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report 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.

For R. Sridharan & Associates
Company Secretaries

Date : April 28, 2015
Place : Chennai

CS R.Sridharan
CP No. 3239
FCS No. 4775

Annexure F to the Directors' Report

CORPORATE SOCIAL RESPONSIBILITY POLICY

Preamble

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

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

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

Corporate Social Responsibility Purpose Statement

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

We are committed to identifying and supporting programmes aimed at:

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

- Promotion of sports through training of sportspersons;
- Undertake rural development projects;
- Any other programme that falls under CSR Policy and which are aimed at the empowerment of disadvantaged sections of the society.

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

The Company shall implement its CSR programmes/projects:

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

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

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

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

CSR Programmes / Projects

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

The programme areas are:

- Providing basic health care facilities to economically backward societies across geographical areas;
- Improving access to education;
- Provision of skill development / vocational training;
- Rural Development;
- Environmental sustainability;
- Promoting sports, arts & culture;
- Sustainable livelihood.

Monitoring and Reporting

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

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

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

Annexure G to the Directors' Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES

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

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

- Providing basic health care facilities to economically backward societies across geographical areas,
- Improving access to education,
- Provision of Skill Development / Vocational Training,
- Rural Development,
- Environmental sustainability,
- Promoting sports, arts & culture,
- Sustainable livelihood

CSR Policy is attached as Annexure F to the Directors' report. The policy is also available on the website of the Company at:

<http://www.cholainsurance.com/about-us/corporate-social-responsibility.aspx>

2. Composition of the CSR Committee:

- Mr. Pradeep V Bhide (Non Executive Director & Chairman)
- Mr. A V Muralidharan (Independent Director)
- Mr. S S Gopalarathnam (Managing Director)

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

Average net profit : ₹6869.4 lakh

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

Amount required to spend towards CSR: ₹140.0 lakh

5. Details of CSR spent during the financial year.

- a. Total amount spent for the financial year : ₹93.7 lakh
- b. Amount unspent : ₹46.3 lakh
- c. Manner in which the amount spent during the financial year is detailed below.

(₹ in 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) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (a) Direct expenditure on projects or programs. (b) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Vidhyaposhanam Poshakasamrutham (mid-day meal scheme)	Education	a. 18 schools were funded under this program b. State : Kerala District : Cochin	₹ 10.0	Amount spent on project – ₹10.0 Expenditure was towards provision of nutritious food to school children. The scheme is implemented under the guidance of Parent Teachers' Association of the school.	₹10.0	Direct
2	Eye donation camp	Health care facilities	a. Funding for organising eye donation camps b. State / District : Across the country	₹ 7.2	Amount spent on project – ₹7.2 The expenditure was towards, printing of pamphlets, posters, banners for the project, producing audio visual for this project.	₹ 7.2	In collaboration with Central Bank of India. Company organised eye donation camps across the country. Donors would pledge their eyes with Eye Bank Association of India, which is national organisation acting as a resource centre for all eye banks involved in the eye donation movement.

3	Sir Ramaswami Mudaliar Higher Secondary School through AMM Foundation	Education	a. Funding to Sir Ramaswami Mudaliar Higher Secondary School (caters to the Children from places around Ambattur, Chennai) b. State: Tamil Nadu District: Thiruvallur District	₹76.5	Amount spent on project – ₹76.5 The expenditure was towards employee cost, legal & professional fees, repairs & maintenance, administrative expenses and capital expenditure of the school.	₹76.5	Implementing Agency: AMM Foundation. In the year 1953, AMM charities was founded, which later became AMM foundation to carry forward the CSR activities of the Murugappa group. The foundation is committed towards providing education and health care to the less privileged through its four schools, polytechnic and four hospitals.
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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.

Being the first year of the Act becoming applicable and the CSR policy being approved during second quarter of the financial year, the Company could not spend the entire amount earmarked for CSR activities.

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

S S Gopalarathnam
Managing Director

April 28, 2015
Chennai

Pradeep V Bhide
Chairman

Annexure H to the Directors' Report

Form No. MGT-9

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

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

I. REGISTRATION AND OTHER DETAILS

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 – 600 001
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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
Tube Investments of India Limited	L35921TN1949PLC002905	Holding Company	73.9%	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	221115659	221116218	74	559	221115659	221116218	74	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	559	221115659	221116218	74	559	221115659	221116218	74	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	77689482	77689482	26	-	77689482	77689482	26	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	77689482	77689482	26	-	77689482	77689482	26	-
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	559	298805141	298805700	100	559	298805141	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 Corporate									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total public shareholding (B) = (B) (1) + (B) (2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	559	298805141	298805700	100	559	298805141	298805700	100	-

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Tube Investments of India Limited	221115659	73.9	–	221115659	73.9	–	–
2	Mitsui Sumitomo Insurance Company Limited	77689482	26.0	–	77689482	26.0	–	–
3	Kartik Investments Trust Limited	113	–	–	113	–	–	–
4	Ambadi Enterprises Limited	112	–	–	112	–	–	–
5	Presmet Private Limited	112	–	–	112	–	–	–
6	Murugappa Management Services Limited	111	–	–	111	–	–	–
7	Ambadi Investments Private Limited	111	–	–	111	–	–	–

(iii) Change in Promoters' Shareholding:

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	No change during the year			
Date wise Increase / Decrease in Promoters 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:

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lakh)

S. 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 (b) Value of perquisites under section 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	170.51 1.48 -
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - as % of profit - Others, specify...	-
5.	Others (retiral benefits)#	17.58
	Total (A)	189.56
	Ceiling as per the Act	1737.80

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

* The terms of payment of Mr. Tsuyoshi Yamane, Wholetime Director, is governed by secondment agreement with Joint venture partner, Mitsui Sumitomo Insurance (MSI) Company Limited. As per the agreement, Rs.25.32 lakh is payable as secondment fees (remuneration reimbursement & performance incentives) to MSI for FY 2014-15.

B. Remuneration to other directors:

1. Independent Directors

(₹ in lakh)

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. S B Mathur**	Mr. R Beri	Mr. A V Muralidharan	Ms. Shubhalakshmi Panse	
1	Fee for attending Board / Committee meetings	1.85	3.70	2.50	0.25	8.30
2	Commission	10.00	5.00	-	-	15.00
3	Others	-	-	-	-	-
	Total (1)	11.85	8.70	2.50	0.25	23.3

** Retired from the Board on July 28, 2014

2. Other Non-Executive Directors

(₹ in lakh)

S. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. P V Bhide	Mr. N Srinivasan	Mr. Maki Kumagai	Mr. Kaneyoshi#	Mr. A Vellayan@	
1	Fee for attending Board / Committee meetings	3.15	5.70	2.55	-	-	11.40
2	Commission	10.00	5.00	-	5.00	0.17	20.17
3	Others, please specify	-	-	-	-	-	-
	Total (2)	13.15	10.70	2.55	5.00	0.17	31.57
	Total (B)=(1+2)						54.87
	Overall ceiling as per the Act						173.78

Ceased to be a director with effect from March 31, 2014

@ Ceased to be a director with effect from April 12, 2013

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

(₹ in lakh)

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Suresh Krishnan, Company Secretary	Mr. S K Rangaswamy, Chief Financial Officer	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	35.43	32.16	67.59
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961	0.35	0.23	0.58
	(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	-	-	-
5.	Others (retiral benefits)	3.60	3.64	7.24
	Total	39.38	36.03	75.41

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties/ punishment/compounding of offences for breach of any section of the Companies Act against the Company or its Directors or other officers in default for the year ending March 31, 2015.

Annexure I to the Directors' Report

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 continues to be valid. The fee for renewal of registration has been paid for the year 2015-16.
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, 2015.
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, 2000 read together with IRDA orders NL/ORD/MPL/046/03/2011 dated March 12, 2011, IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012 have been maintained during the year ended March 31, 2015.
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, 2015, read together with the accounting policies, are shown in the aggregate at amounts not exceeding their realizable or market value wherever applicable. These assets are categorised under the headings – "Loans", "Agents Balances", "Outstanding Premiums", "Interest, Dividend and Rents Outstanding", "Interest, Dividend and Rents Accruing but Not Due", "Amounts Due from Other Persons or Bodies Carrying on Insurance Business", "Sundry Debtors", "Bills Receivable", "Cash" and several items specified under "Other Accounts".

7. The Company is exposed to a variety of risks associated with its insurance business and the investment portfolio. The Risk Committee of the Board oversees the risk management processes, Asset-Liability Management process and lays down the risk appetite of the Company. The Company periodically reviews and updates detailed Risk Registers in respect of all areas of operations. The Company has in place a Business Continuity Management (BCM) framework.

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

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

8. The Company does not have operations in any other country.
9. The information relating to the trend of claim settlements for the years ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 is detailed in Annexure 1.
10. As at March 31, 2015, the investments of the Company comprise of investments in Government securities (both Central & State Govt securities), housing, infrastructure and other corporate bonds, fixed deposits with banks, money market instruments, other investments and listed equity shares. The investments in Government securities, housing, infrastructure and other corporate bonds are considered as "held to maturity" and are measured at historical cost subject to amortization. Investments in fixed deposits of banks are measured at face value. Investments in listed equity shares are measured at the last quoted price and the unrealised

gain / loss credited to Fair Value Change Account except where the extent of diminution in value is considered permanent in which case an appropriate level of provisioning is carried.

11. The Company has adopted a prudent investment policy with emphasis on balancing requirements on portfolio duration, maintaining liquidity and optimising returns. Emphasis has been on investing in low risk investments such as Government securities, fixed deposits with banks, corporate bonds with minimum credit rating of AA- and with a presence in equity. The Company carries out a periodic review of the investment portfolio and the investment policy. The management is confident of the quality and performance of the investments.
12. The management of Cholamandalam MS General Insurance Company certifies that :
 - a) The financial statements have been prepared in accordance with applicable accounting standards read together with the regulations stipulated and Orders / Circulars 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 judgments 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, 2015, and of the profit for the year ended March 31, 2015.
 - 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,

- (a) The Company has exceeded the management expenses limit prescribed in Rule 17E of the Insurance Rules, 1939. The Company, over the years, has been continuously reducing this deviation from the permitted levels and has accordingly represented to IRDA through the General Insurance Council for revision in the limits.
- (b) The Company has realisable Outstanding Premium from Central & State Governments under Rashtriya Swasthya Bima Yojna Scheme / 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

Pradeep V Bhide
Chairman

S S Gopalarathnam
Managing Director

N Srinivasan
Director

Takahiko Shibakawa
Wholetime Director

Suresh Krishnan
Company Secretary

S K Rangaswamy
Chief Financial Officer

May 4, 2015
Chennai

Annexure 1

Trend of Claims Settlement for the last five financial years

Period	No. of Claims									
	Aviation	Engg	Fire	Liability	Marine	Misc	Accident	Health	Travel	Motor
30 days										
2014-15	-	83	71	37	12,971	1,091	225	18,455	124	65,656
2013-14	-	63	102	248	9,289	568	1,578	133,489	99	53,016
2012-13	-	88	122	298	9,611	249	461	159,149	50	43,393
2011-12	-	181	154	375	8,561	1,154	539	115,879	382	52,553
2010-11	-	290	97	51	6,733	1,544	911	77,676	45	37,915
30 days to 6 months										
2014-15	-	330	361	335	4,351	269	869	36,969	-	5,621
2013-14	-	285	281	293	5,608	567	106	19	-	28,268
2012-13	-	336	300	416	4,294	602	894	238	55	43,812
2011-12	-	370	529	231	4,703	869	1,072	3,739	158	47,636
2010-11	-	323	191	136	4,436	1,279	1,819	1,156	217	48,745
6 months to 1 year										
2014-15	-	83	136	42	482	10	290	-	-	3,863
2013-14	-	101	139	32	556	17	6	-	-	4,815
2012-13	-	107	129	73	790	45	101	-	4	5,637
2011-12	-	139	190	52	848	37	161	1,223	40	3,935
2010-11	-	115	103	59	554	186	535	232	80	2,454
1 year to 5 years										
2014-15	-	24	47	14	152	11	71	-	-	6,267
2013-14	-	31	50	21	231	19	2	-	-	6,710
2012-13	-	35	65	30	246	22	211	-	1	4,443
2011-12	-	37	81	66	170	17	275	-	11	2,807
2010-11	-	59	65	37	94	58	587	-	28	1,631
5 years and above										
2014-15	-	1	1	2	-	-	73	-	1	636
2013-14	-	-	1	1	-	-	-	-	-	637
2012-13	-	-	2	1	-	-	1	-	-	152
2011-12	-	-	-	-	-	-	1	-	-	91
2010-11	-	-	-	-	-	-	-	-	-	153

(₹ in lakh)

Period	Claims Amount paid to Insured									
	Aviation	Engg	Fire	Liability	Marine	Misc	Accident	Health	Travel	Motor
30 days										
2014-15	-	13	153	4	729	854	298	2,065	479	21,324
2013-14	-	22	45	23	513	2,145	1,801	12,712	343	9,329
2012-13	-	16	124	25	634	150	401	14,008	8	6,290
2011-12	-	93	95	33	533	23	308	9,702	22	7,387
2010-11	-	49	856	7	477	93	264	8,028	31	4,326
30 days to 6 months										
2014-15	-	286	1,686	108	1,940	7,372	1,401	5,617	9	9,598
2013-14	-	398	3,368	77	2,028	170	241	8	-	24,184
2012-13	-	474	2,079	116	3,838	317	1,273	172	115	22,824
2011-12	-	226	1,034	68	1,677	67	1,114	747	229	20,450
2010-11	-	211	1,073	93	1,603	179	1,159	431	207	16,671
6 months to 1 year										
2014-15	-	90	1,949	61	908	31	520	-	-	10,338
2013-14	-	755	4,833	46	2,141	47	30	-	-	9,414
2012-13	-	190	590	65	720	289	188	-	45	8,756
2011-12	-	246	1,881	30	798	17	181	542	58	5,769
2010-11	-	893	336	42	508	85	248	54	216	4,144
1 year to 5 years										
2014-15	-	473	2,380	81	428	39	145	-	-	21,481
2013-14	-	210	841	57	288	78	36	-	-	16,085
2012-13	-	349	897	67	388	45	194	-	12	9,389
2011-12	-	285	1,155	53	357	35	171	-	39	5,828
2010-11	-	760	955	18	150	223	136	-	31	3,590
5 years and above										
2014-15	-	51	6	12	-	-	53	-	8	1,489
2013-14	-	-	16	-	-	-	-	-	-	1,072
2012-13	-	-	2	4	-	-	1	-	-	301
2011-12	-	-	-	-	-	-	-	-	-	129
2010-11	-	-	-	-	-	-	-	-	-	114

Auditors' Report

Sundaram & Srinivasan
Chartered Accountants
23, C P Ramaswamy Road
Alwarpet, Chennai - 600 018

Brahmayya & Co
Chartered Accountants
48, Masilamani Road, Balaji Nagar
Royapettah, Chennai - 600 014

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS TO THE MEMBERS OF CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of Cholamandalam MS General Insurance Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and Revenue Accounts, the Profit and Loss Account and Receipts and Payments Statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. In accordance with the provisions of Section 11 of the Insurance Act, 1938 ("the Insurance Act") read with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ("the Regulations") and the provisions of section 129 of the Companies Act 2013 ("the Companies Act"), the Balance Sheet, the Revenue Accounts and the Profit and Loss Account are not required to be, and are not, drawn up in accordance with Schedule III of The Companies Act. The Balance Sheet, the Revenue Accounts and the Profit and Loss Account, are, therefore, drawn up in conformity with the Regulations.

Management's Responsibility for the Financial Statements

3. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Receipts and Payments Statement of the Company in accordance with the Accounting Standards specified under Section 133 of the Companies Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of Sub section (1) of Section 129 of the Companies Act, provisions of Section 11 of the Insurance Act read with the IRDA Regulations / Guidelines / Circulars / Orders. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company

and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Companies Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Companies Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of

such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared and give the information required by The Insurance Act read with Regulations and the provisions of The Companies Act to the extent applicable 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, 2015;
- b) in the case of Revenue Accounts, of the operating profit for the year ended on that date;
- c) in the case of Profit and Loss Account, the profit for the year ended on that date;
- d) in the case of Receipts and Payments Statement, receipts and payments for the year ended on that date;.
- e) Investments of the Company have been valued in accordance with the Provisions of the Insurance Act and the Regulations/ or Circulars/ or Orders/ or Directions issued by IRDA in this regard;
- f) The Accounting policies selected by the insurer are appropriate and are in compliance with the applicable Accounting Standards and with the Accounting Principles, as prescribed in the regulations or any order or direction issued by the Authority in this behalf.

Report on Other Legal and Regulatory Requirements

As required under provisions of Section 143(3) of the Companies Act and IRDA regulations

6. We report that

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet, the Revenue Accounts, Profit and Loss Account, and Receipts and Payments Statement dealt with by this Report are in agreement with the books of account;
- d) the financial accounting system of the Company is centralised and therefore accounting returns are not required to be submitted by branches;
- e) in our opinion, the Balance Sheet, Profit and Loss Account, and Receipts and Payments Statement comply with the Accounting Standards specified under section 133 of the Companies Act read with Rule 7 of the Companies (Accounts) Rules 2014 read together with IRDA Regulations / Circulars / Orders;
- f) 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 are appropriate and are in accordance with the requirements of the Insurance Regulatory and Development Authority [IRDA] and Actuarial Society of India in concurrence with IRDA. We have relied on the appointed Actuary's certificate in this regard;
- g) on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of sub-section (2) of Section 164 of the Companies Act;
- h) with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in Note No.6 of Schedule 16 to the Financial statements.
 - ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

7. Further, according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:
- a. We have reviewed the Management Report attached to the financial statements for the financial year ended March 31, 2015 and there is no apparent mistake or material inconsistency therein with the financial statements.
 - b. The Company has complied with the terms and conditions of registration stipulated by IRDA vide their letter dated July 15, 2002.
 - c. We have verified the cash balances at the corporate office of the Company and investments of the Company.
 - d. The Company is not a trustee of any trust
 - e. 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.

- f. All expenses of management in respect of Fire, Marine and Miscellaneous Insurance Business have been fully debited to the respective Revenue Accounts.

For **Sundaram & Srinivasan**
Chartered Accountants
Registration No.: 004207S

S Usha
Partner
M. No: 211785

Place: Chennai
Date : May 4, 2015

For **Brahmayya & Co**
Chartered Accountants
Registration No.: 000511S

L Ravi Sankar
Partner
M. No: 025929

Balance Sheet

as at March 31, 2015

FORM B-BS

Registration No.123

Date of Registration with the IRDA July 15, 2002

(₹ '000)

Particulars	Schedule	As at March 31, 2015	As at March 31, 2014
SOURCES OF FUNDS			
Share Capital	5	2,988,057	2,988,057
Reserves and Surplus	6	4,202,042	2,831,072
Fair Value Change Account		4,663	5,297
Borrowings	7	-	-
TOTAL		7,194,762	5,824,426
APPLICATION OF FUNDS			
Investments	8	31,645,703	23,282,144
Loans	9	-	-
Fixed Assets	10	616,719	576,748
Deferred Tax Asset (Refer Note 15 of Schedule 16)		210,907	6,743
Current Assets			
Cash and Bank Balances	11	442,474	249,119
Advances and Other Assets	12	3,172,978	7,148,256
Sub-Total (A)		3,615,452	7,397,375
Current Liabilities	13	19,954,696	17,458,684
Provisions	14	8,939,323	7,979,900
Sub-Total (B)		28,894,019	25,438,584
Net Current Assets (C) = (A - B)		(25,278,567)	(18,041,209)
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit and Loss Account (net of reserves)		-	-
TOTAL		7,194,762	5,824,426

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 Sundaram & Srinivasan
Chartered Accountants
Firm Regn No:004207S

For Brahmayya & Co
Chartered Accountants
Firm Regn No:000511S

Pradeep V Bhide
Chairman

S S Gopalarathnam
Managing Director

S Usha
Partner
M. No. 211785

L Ravi Sankar
Partner
M. No. 025929

N Srinivasan
Director

Takahiko Shibakawa
Wholetime Director

Place: Chennai
Date : May 4, 2015

Suresh Krishnan
Company Secretary

S K Rangaswamy
Chief Financial Officer

Profit & Loss Account

for the year ended March 31, 2015

FORM B-PL

Registration No.123

Date of Registration with the IRDA July 15, 2002

Particulars	Schedule	(₹ '000)	
		Year Ended March 31, 2015	Year Ended March 31, 2014
1 OPERATING PROFIT/(LOSS)			
(a) Fire Insurance		138,694	84,359
(b) Marine Insurance		45,514	108,890
(c) Miscellaneous Insurance		1,656,173	488,349
2 INCOME FROM INVESTMENTS			
(a) Interest and Dividend – Gross of TDS		229,738	438,668
(b) Profit on Sale of Investments		55,681	13,700
Less: Loss on Sale of Investments		(282)	(657)
3 OTHER INCOME		-	11,864
TOTAL (A)		2,125,518	1,145,173
4 PROVISIONS (Other than Taxation)			
(a) For Diminution in the Value of Investments		(11,000)	-
(b) For Doubtful Debts		-	-
(c) Others		-	-
5 OTHER EXPENSES			
(a) Expenses other than those related to insurance business		113,845	124,000
(b) Employees' Remuneration and Welfare Benefits		6,490	4,398
(c) Bad Debts Written Off		-	-
(d) Others		-	1,000
(e) Others - CSR Expenses		9,377	-
TOTAL (B)		118,712	129,398
Profit Before Tax		2,006,806	1,015,775
Provision for Taxation			
Current Tax		840,000	315,308
Deferred Tax		(204,164)	(506)
Profit After Tax		1,370,970	700,973
APPROPRIATIONS			
(a) Interim Dividends paid during the year		-	-
(b) Proposed Final Dividend		-	-
(c) Dividend Distribution Tax		-	-
(d) Transfer to Contingency Reserve for Unexpired Risks		-	-
(e) Transfer to General Reserve		(1,000,000)	(500,000)
Balance of Profit Brought Forward from Previous Year		550,860	349,887
Balance Carried Forward to Balance Sheet		921,830	550,860
Earnings Per Share - Basic & Diluted (₹)		4.59	2.37
(Face value per share - ₹10)			

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 Sundaram & Srinivasan
Chartered Accountants
Firm Regn No:004207S

For Brahmaya & Co
Chartered Accountants
Firm Regn No:000511S

Pradeep V Bhide
Chairman

S S Gopalarathnam
Managing Director

S Usha
Partner
M. No. 211785

L Ravi Sankar
Partner
M. No. 025929

N Srinivasan
Director

Takahiko Shibakawa
Wholetime Director

Place: Chennai
Date : May 4, 2015

Suresh Krishnan
Company Secretary

S K Rangaswamy
Chief Financial Officer

Form B - RA

Revenue Account

for the year ended March 31, 2015

Registration No. 123

Date of Registration with the IRDA July 15, 2002

(₹ '000)

Particulars	Schedule	Fire Business		Marine Business		Miscellaneous Business		Total	
		Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014
1 Premiums Earned (Net)	1	434,097	409,681	202,702	201,133	14,184,232	13,702,823	14,821,031	14,313,637
2 Profit / Loss on Sale / Redemption of Investments (Net)		9,566	1,895	1,385	335	179,195	35,152	190,146	37,382
3 Others									
Administrative Charges		555	601	484	583	108	527	1,147	1,711
Investment income from pool (Terrorism pool)		52,343	41,564	-	-	8,327	8,075	60,670	49,639
Interest and Dividend (Gross of TDS)		105,566	63,730	15,282	11,267	2,298,407	1,579,528	2,419,255	1,654,525
TOTAL (A)		602,127	517,471	219,853	213,318	16,670,269	15,326,105	17,492,249	16,056,894
1 Claims Incurred (Net)	2	276,885	279,373	145,416	115,246	10,638,918	10,979,392	11,061,219	11,374,011
2 Commission	3	42,288	27,279	(10,604)	(43,806)	300,643	235,174	332,327	218,647
3 Operating Expenses related to insurance business	4	144,260	126,460	39,527	32,988	4,074,535	3,623,190	4,258,322	3,782,638
4 Premium Deficiency		-	-	-	-	-	-	-	-
TOTAL (B)		463,433	433,112	174,339	104,428	15,014,096	14,837,756	15,651,868	15,375,296
Operating Profit (A - B)		138,694	84,359	45,514	108,890	1,656,173	488,349	1,840,381	681,598
APPROPRIATIONS									
Transfer to Shareholders' Account		138,694	84,359	45,514	108,890	1,656,173	488,349	1,840,381	681,598
Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
Transfer to Other Reserves		-	-	-	-	-	-	-	-
TOTAL (C)		138,694	84,359	45,514	108,890	1,656,173	488,349	1,840,381	681,598

Notes to Financial Statements 16

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

As required by Section 40C (2) of the Insurance Act, 1938, we certify that all expenses of management, incurred by the Company, in respect of general insurance business have been fully debited in the respective Revenue Account as expenses.

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

For Sundaram & Srinivasan
Chartered Accountants
Firm Regn No:004207S

For Brahmayya & Co
Chartered Accountants
Firm Regn No:000511S

S Usha
Partner
M. No. 211785

L Ravi Sankar
Partner
M. No. 025929

Place: Chennai
Date : May 4, 2015

For and on behalf of the Board of Directors
S S Gopalarathnam
Managing Director

Pradeep V Bhide
Chairman

Takahiko Shibakawa
Wholetime Director

S K Rangaswamy
Chief Financial Officer

Suresh Krishnan
Company Secretary

Receipts and Payments Statement

for the year ended March 31, 2015

Particulars	(₹ '000)	
	Year Ended March 31, 2015	Year Ended March 31, 2014
Cash Flows from Operating Activities		
Receipts from Policyholders - Premium on Direct Business	18,804,801	18,623,705
Other Receipts	2,322,554	2,042,273
Direct Claims Paid	(9,691,277)	(9,635,012)
Receipts / (Payments) from / to Reinsurers (Net)	(1,344,373)	(554,062)
Receipts / (Payments) from / to Co-insurers (Net)	(45,139)	12,086
Operating Expenses paid	(4,174,604)	(3,796,182)
Commission payments	(794,260)	(731,872)
Deposits and Advances given	(113,503)	(50,080)
Taxes Paid	(695,188)	(422,503)
Service Tax Paid	(2,274,264)	(2,080,176)
Net Cash Flows from Operating Activities	1,994,747	3,408,177
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(195,931)	(214,737)
Proceeds on Disposal of Fixed Assets	972	4,987
Purchase of Investments	(70,186,287)	(50,121,995)
Received from IMTPIP	3,704,182	488,351
Sale of Investments	61,913,347	44,146,050
Repayments Received	-	-
Rents/Interest/ Dividends Received	2,968,127	1,618,944
Expenses Related to Investments	(5,802)	(3,508)
Net Cash Flows from Investing Activities	(1,801,392)	(4,081,908)
Cash Flows from Financing Activities		
Proceeds from Issue of Share Capital	-	750,002
Net Cash Flows from Financing Activities	-	750,002
Net Increase in Cash and Cash Equivalents	193,355	76,271
Cash and Cash Equivalents at Beginning of the Year	249,119	172,848
Cash and Cash Equivalents at End of the Year	<u>442,474</u>	<u>249,119</u>

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 Sundaram & Srinivasan
Chartered Accountants
Firm Regn No:004207S

For Brahmayya & Co
Chartered Accountants
Firm Regn No:000511S

Pradeep V Bhide
Chairman

S S Gopalarathnam
Managing Director

S Usha
Partner
M. No. 211785

L Ravi Sankar
Partner
M. No. 025929

N Srinivasan
Director

Takahiko Shibakawa
Wholetime Director

Place: Chennai
Date : May 4, 2015

Suresh Krishnan
Company Secretary

S K Rangaswamy
Chief Financial Officer

Schedules forming part of the Financial statements for the year ended March 31, 2015

Schedule 1 Premium Earned (Net)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014
	(₹ '000)							
Premium from Direct Business Written	1,243,406	1,099,044	641,302	649,367	17,019,601	16,802,734	18,904,309	18,551,145
Add: Premium on Reinsurance Accepted	64,253	64,656	-	-	(4,124)	101,835	60,129	166,491
Less: Premium on Reinsurance Ceded	661,054	567,725	435,810	463,844	2,158,084	2,166,100	3,254,948	3,197,669
Net Premium	646,605	595,975	205,492	185,523	14,857,393	14,738,469	15,709,490	15,519,967
Adjustment for change in Reserve for Unexpired Risks	212,508	186,294	2,790	(15,610)	673,161	1,035,646	888,459	1,206,330
Total Premium Earned (Net)	434,097	409,681	202,702	201,133	14,184,232	13,702,823	14,821,031	14,313,637

Note:

Premium income from business effected:

In India	434,097	409,681	202,702	201,133	14,184,232	13,702,823	14,821,031	14,313,637
Outside India	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	434,097	409,681	202,702	201,133	14,184,232	13,702,823	14,821,031	14,313,637

Schedule 2 Claims Incurred (Net)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014
	(₹ '000)							
Claims Paid	617,431	910,198	400,491	497,008	8,647,333	8,227,806	9,665,255	9,635,012
Direct	23	(79)	-	-	(51,432)	965,114	(51,409)	965,035
Add: Reinsurance Accepted	401,611	746,813	269,761	399,781	2,858,913	2,793,289	3,530,285	3,939,883
Less: Reinsurance Ceded	215,843	163,306	130,730	97,227	5,736,988	6,399,631	6,083,561	6,660,164
Add : Claims Outstanding at the End of the Period (including the estimates of IBNR and IBNER) (Net) *	316,727	255,685	101,584	86,898	13,498,039	8,596,109	13,916,350	8,938,692
Less: Claims Outstanding at the beginning of the Period (including the estimates of IBNR and IBNER) (Net)	255,685	139,618	86,898	68,879	8,596,109	4,016,348	8,938,692	4,224,845
Total Claims Incurred (Net)	276,885	279,373	145,416	115,246	10,638,918	10,979,392	11,061,219	11,374,011

Note:

Claims, less reinsurance, paid to claimants

The actuarial estimates of IBNR and IBNER are subject to approval from IRDA

Schedules forming part of the Financial statements for the year ended March 31, 2015

(₹ '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014
Commission Paid								
Direct	113,035	88,219	53,493	18,494	646,846	615,815	813,374	722,528
Add: Reinsurance Accepted	696	-	-	-	53	-	749	-
Less: Commission on Reinsurance Ceded	71,443	60,940	64,097	62,300	346,256	380,641	481,796	503,881
Net Commission	42,288	27,279	(10,604)	(43,806)	300,643	235,174	332,327	218,647
Agents	5,298	4,693	3,364	2,828	34,337	25,374	42,999	32,895
Brokers	23,081	19,260	15,619	11,270	87,230	163,518	125,930	194,048
Corporate Agency	84,656	64,266	34,510	4,396	525,279	426,923	644,445	495,585
Referral	-	-	-	-	-	-	-	-

Schedules forming part of the Financial statements for the year ended March 31, 2015

Schedule 4

Operating Expenses Related to Insurance Business

(₹ '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014
1 Employees' Remuneration and Welfare Benefits	33,899	27,365	10,773	8,519	778,919	676,743	823,591	712,627
2 Travel, Conveyance and Vehicle Running Expenses	5,771	4,716	1,834	1,468	132,598	116,621	140,203	122,805
3 Training Expenses	1,917	617	609	192	44,046	15,268	46,572	16,077
4 Rent, Rates and Taxes	3,602	3,299	1,145	1,027	82,761	81,592	87,508	85,918
5 Repairs	780	685	248	213	17,911	16,946	18,939	17,844
6 Printing and Stationery	3,015	2,793	958	869	69,266	69,067	73,239	72,729
7 Communication	2,324	2,095	738	652	53,394	51,817	56,456	54,564
8 Legal and Professional Charges	(1,152)	1,985	(366)	618	(26,468)	49,092	(27,986)	51,695
9 Auditors' Fees and Expenses	78	73	25	23	1,797	1,804	1,900	1,900
As Auditors								
As adviser or in any other capacity in respect of								
- taxation matters	12	12	4	4	284	284	300	300
- Certification	18	17	6	5	406	408	430	430
Out of Pocket Expenses	2	2	1	1	47	57	50	60
10 Advertisement and Publicity	9,687	5,866	3,079	1,826	471,945	347,194	484,711	354,886
11 Interest and Bank Charges	978	856	311	266	22,483	21,166	23,772	22,288
12 Others:								
Power and Electricity	1,378	1,216	438	379	31,666	30,074	33,482	31,669
Information Technology Expenses	5,816	4,472	1,848	1,392	133,648	110,600	141,312	116,464
Marketing Expenses	30,242	32,540	6,051	6,474	1,386,863	1,268,287	1,423,156	1,307,301
Operating Lease Charges	987	1,548	314	482	22,672	38,277	23,973	40,307
IRDA Registration renewal fees	382	622	121	194	8,772	15,393	9,275	16,209
Service Tax Expense	112	131	49	-	39,928	57,169	40,089	57,300
Outsourcing Expenses	21,127	17,182	6,714	5,349	485,443	424,907	513,284	447,438
Net Exchange (Gain) / Loss	15	19	6	7	602	612	623	638
Co-insurance Administrative Charges	1,067	779	305	175	802	638	2,174	1,592
Terrorism Pool - Management Expenses	8,614	8,403	-	-	1,606	1,832	10,220	10,235
IMTPIP / DR Pool - Administrative Expenses (Net)	-	-	-	-	1,157	775	1,157	775
Miscellaneous Expenses (Net) (Note below)	7,176	4,185	2,278	1,302	164,623	103,364	174,077	108,851
13 Depreciation	6,413	4,982	2,038	1,551	147,364	123,203	155,815	129,736
Total	144,260	126,460	39,527	32,988	4,074,535	3,623,190	4,258,322	3,782,638
Less: Write Back of Provision no longer required	-	-	-	-	-	-	-	-
	144,260	126,460	39,527	32,988	4,074,535	3,623,190	4,258,322	3,782,638

Note: Miscellaneous Expenses are net of Profit on sale of Fixed Assets (Net)

Schedules forming part of the Financial statements for the year ended March 31, 2015

Schedule 5

Share Capital

(₹ '000)

Particulars	As at	
	March 31, 2015	March 31, 2014
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 Tube Investments of
India Limited, the Holding Company

221,115,659

221,115,659

Schedule 5 A

Shareholding Pattern [As certified by the Management]

Shareholder	As at March 31, 2015		As at March 31, 2014	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
Indian	221,116,218	74	221,116,218	74
Foreign	77,689,482	26	77,689,482	26
Others	-	-	-	-
Total	298,805,700	100	298,805,700	100

Schedules forming part of the Financial statements for the year ended March 31, 2015

Schedule 6

Reserves and Surplus

(₹ '000)

Particulars	As at March 31, 2015	As at March 31, 2014
1 Capital Reserve	-	-
2 Capital Redemption Reserve	-	-
3 Share Premium	1,432,645	1,432,645
4 General Reserve	847,567	
Add: (a) Transfer from Contingency Reserve for Unexpired Risks		
Add: (b) Transfer from Profit and Loss Account	<u>1,000,000</u>	847,567
5 Catastrophe Reserve	-	-
6 Contingency Reserve for Unexpired Risks	-	-
7 Balance of Profit in Profit & Loss Account	921,830	550,860
Total	4,202,042	2,831,072

Schedule 7

Borrowings

1 Debentures / Bonds	-	-
2 Banks	-	-
3 Financial Institutions	-	-
4 Others	-	-
Total	-	-

Schedules forming part of the Financial statements for the year ended March 31, 2015

Schedule 8

Investments

(₹ '000)

Particulars	As at March 31, 2015	As at March 31, 2014
Long Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	9,397,406	7,427,141
Other Approved Securities	-	-
Approved Investments		
- Debentures/Bonds	9,272,506	7,839,617
- Fixed Deposits with Banks	3,850,500	1,105,500
- Equity Shares (Net of Fair Value Change)	468,958	105,464
Investments in Infrastructure and Social Sector	3,653,710	2,913,470
Other than Approved Investments	251,828	252,397
	26,894,908	19,643,589
Less: Provision for diminution in value of investments in equity shares	-	(11,000)
Total (A)	26,894,908	19,632,589
Short Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	655,217	150,638
Other Approved Securities	-	-
Approved Investments		
- Debentures/Bonds	2,150,044	600,264
- Fixed Deposits with Banks	1,695,500	1,850,000
- Money market instruments	-	47,812
- Mutual Funds (Liquid Schemes)	50,036	-
Investments in Infrastructure and Social Sector	199,998	400,612
Other than Approved Investments	-	600,229
Total (B)	4,750,795	3,649,555
Total (A) + (B)	31,645,703	23,282,144

Notes:

- All Investments are performing investments and are in India.
- There are no contracts in relation to investments for purchases where deliveries are pending or for sales where payments are overdue.
- Government Securities aggregating to ₹106,620 thousands (As at March 31, 2014 - ₹108,362 thousands) have been deposited with Standard Chartered Bank under Section 7 of the Insurance Act, 1938.
- Details of Cost and Market Value (₹ '000) :

	As at March 31, 2015		As at March 31, 2014	
	Cost	Market Value	Cost	Market Value
a) Equity Shares listed	524,814	529,441	101,899	96,196
b) Mutual Funds	50,000	50,036	-	-
c) Government and other securities	10,052,623	10,218,642	7,577,779	7,319,995
d) Fixed Deposit with Banks	5,546,000	5,546,000	2,955,500	2,955,500
e) Corporate Bonds	15,467,602	15,727,403	12,604,857	12,638,259
f) Money Market Instruments	-	-	47,812	47,812
	31,641,039	32,071,522	23,287,847	23,057,762

- Pursuant to IRDA Regulations, ₹25,593,658 thousands of the investments representing the Technical Reserves as at March 31, 2015 has been notionally allocated as Policyholders' Funds.
- Investments in the Holding Company as at March 31, 2015 is ₹98,806 thousands (Previous Year - ₹97,692 thousands)

Schedules forming part of the Financial statements for the year ended March 31, 2015

Schedule 9

Loans

(₹ '000)

Particulars	As at March 31, 2015	As at March 31, 2014
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 for the year ended March 31, 2015

Schedule 10 Fixed Assets

(₹ '000)

Particulars	Cost / Gross Block		Depreciation / Amortisation		Net Block		
	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014	For the Year	Upto March 31, 2015	As at March 31, 2015	As at March 31, 2014
Land (Undivided Share)	37,191	37,191	-	-	-	37,191	37,191
Buildings	311,164	349,985	15,333	5,635	20,968	329,017	295,831
Furniture and Fittings	38,694	44,279	26,834	6,463	32,684	11,595	11,860
Information Technology Equipment	220,350	260,623	157,451	41,721	195,244	65,379	62,899
Computer Software (Intangibles)	365,244	428,460	269,211	69,633	338,844	89,616	96,033
Vehicles	19,343	23,152	8,197	5,471	11,079	12,073	11,146
Office Equipment	21,712	25,317	17,156	3,546	20,658	4,659	4,556
Electrical Fittings	32,247	38,366	21,258	6,002	25,817	12,549	10,989
Improvement to Premises	83,927	108,043	37,987	17,344	55,153	52,890	45,940
TOTAL	1,129,872	1,315,416	553,427	155,815	700,447	614,969	576,445
Capital Work in Progress (Including Capital Advances) (Refer Note 8 (a) of Schedule 16)	-	-	-	-	-	1,750	303
GRAND TOTAL	1,129,872	1,315,416	553,427	155,815	700,447	616,719	576,748
Previous Period	925,511	1,129,872	439,295	129,736	553,427	576,748	576,748

Schedules forming part of the Financial statements for the year ended March 31, 2015

Schedule 11

Cash and Bank Balances

(₹ '000)

Particulars	As at March 31, 2015	As at March 31, 2014
Cash (including Cheques, Drafts and Stamps)	255,871	81,184
Bank Balances on Current Accounts (with Scheduled Banks)	173,885	155,295
Money at Call and Short Notice	-	-
Others (Bank Deposits under Lien - Note 7 (a) of schedule 16)	12,718	12,640
Total	442,474	249,119
Cash Balance includes:		
Cheques on hand	82,099	79,357
Remittances in transit	168,804	-

Schedule 12

Advances and Other Assets

Advances

1 Reserve Deposits with Ceding Companies	-	-
2 Application Money for Investments	-	-
3 Prepayments	12,888	7,983
4 Advances to Directors / Officers	-	-
5 Advance Tax Paid and Taxes Deducted at Source (Net of Provision for Taxation of ₹1,484,481 thousands) (Previous Year - ₹644,573 thousands)	27,670	172,572
6 Others: Advances to Employees	719	757
Advances to Vendors	6,413	11,750
Service Tax unutilised credit / paid in advance	24,462	68,622
Service tax paid under protest (Note 6 of Schedule 16)	48,217	47,566
Other Advances / Deposits (includes advance of ₹240,000 thousands (Previous Year - Nil) paid towards Investment Property)	379,499	24,871
Total (A)	499,868	334,121

Other Assets

1 Income Accrued on Investments	975,421	753,051
2 Outstanding Premium including Service Tax, if any (includes ₹714,271 thousands from Central & State Governments under Rashtriya Swasthya Bima Yojna Scheme and Weather Based Crop Insurance Scheme)	722,115	824,641
3 Agents' Balances	-	-
4 Foreign Agencies Balances	-	-
5 Due from other entities carrying on insurance business	192,725	208,441
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	-	54,119
Receivable from IMTPIP Members (includes interest accrued Nil (Previous Year - ₹555,627 thousands))	-	4,259,810
Receivable from Terrorism Pool (includes investment income)	739,138	613,785
Deposits for Premises and Advance Rent	43,711	40,112
Receivable from Declined Risk Pool	-	60,176
Total (B)	2,673,110	6,814,135
Total (A + B)	3,172,978	7,148,256

Schedules forming part of the Financial statements for the year ended March 31, 2015

Schedule 13

Current Liabilities

(₹ '000)

Particulars	As at March 31, 2015	As at March 31, 2014
1 Agents' Balances	57,838	38,724
2 Balances Due to Other Insurance Companies	201,100	806,152
3 Deposits held on Reinsurance Ceded	-	-
4 Premiums received in Advance / Deposits Received	110,764	251,158
5 Unallocated Premium	379,457	442,054
6 Sundry Creditors		
- Dues to Micro & Small Enterprises	-	-
- Dues to Others	527,686	575,388
7 Due to Subsidiaries / Holding Company	-	-
8 Claims Outstanding		
- Other than IMTPIP (Net of Reinsurance)	13,916,350	8,938,692
- Dismantled IMTPIP	4,569,148	6,230,899
- Declined Risk Pool	8,381	-
9 Due to Officers / Directors	-	-
10 Others: Book Overdraft	80,299	8,931
Tax and Other Withholdings	8,460	46,939
Environment Relief Fund	177	-
Service Tax Payable	963	524
Value Added Tax Payable	-	4
Unclaimed Amounts of Policyholders (Note 23 of Sch 16)	94,073	119,219
Total	19,954,696	17,458,684

Schedule 14

Provisions

1 Reserve for Unexpired Risk	8,750,822	7,862,363
Less: Unabsorbed RSBY Enrolment costs	(5,044)	(36,853)
2 For Taxation	-	-
3 For Proposed Dividends	-	-
4 For Dividend Distribution Tax	-	-
5 Other Provisions		
Premium Deficiency	-	-
Leave and other Employee Benefits	193,545	154,390
Total	8,939,323	7,979,900

Schedule 15

Miscellaneous Expenditure

(To the extent not written off or adjusted)

1 Discount Allowed in Issue of Shares / Debentures	-	-
2 Others	-	-
Total	-	-

Schedules forming part of the Financial statements for the year ended March 31, 2015

Schedule 16

Notes to Financial Statements

1. Background Information

The Company 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 to transact general insurance business.

2. Significant Accounting Policies

A. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention in accordance with the accounting principles prescribed by The Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, Orders / Circulars / Notifications issued by IRDA from time to time, the applicable Accounting Standards notified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

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

B. Revenue Recognition

- (i) Premium (net of service tax) is recognised as income on assumption of risk, after adjusting for unexpired risk, which recognition in the case of Rashtriya Swasthya Bima Yojna Scheme (RSBY) is done based on the uploaded data in respect of the enrolled lives. Any cancellations or changes in premium are accounted for in the period in which they occur.
- (ii) Reserve for Unexpired Risks:
 - a. Direct Business:

Reserve for Unexpired Risk, representing that part of the premium written that is attributable and allocable to the subsequent accounting period(s), is calculated principally on "Day Basis" in terms of Circular No. IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013.
 - b. Inward Business from Pooling Arrangements:
 - I. In the case of the inward premium from IMTPDRIP (DR Pool), in view of the "clean cut" arrangement, the entire inward premium is recognized as revenue.
 - II. In the case of the inward premium from Terrorism Pool (Fire and Engineering lines of business), 50% of the premium advised by the Pool Manager for a 12-month period is considered as Reserve for Unexpired Risks.
- (iii) Interest / Dividend income on investments is recognised on accrual basis and is net of accretion of discount or amortisation of premium over the balance period of maturity / holding. Dividend income is recognised when right to receive the same is established.
- (iv) Profit / Loss on sale of investments - Realised gains or losses on investments representing the difference between the sale consideration and the carrying cost is recognised on the date of sale. In determining the realised gain or loss on sale of a security, the cost of such security is arrived on weighted average cost 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 for the year ended March 31, 2015

C. Reinsurance Ceded and Commission Received

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

D. Acquisition Cost

Costs relating to acquisition of new / renewal of insurance contracts are expensed in the year in which they are incurred.

E. Claims and Premium Deficiency

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

F. Allocation of Operating Expenses

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

G. Investments

- (i) Investments maturing within twelve months from the date of Balance Sheet and investments held with the specific intention to dispose of within twelve months from the date of Balance Sheet are classified as short-term investments. Investments other than short term are classified as long-term investments.
- (ii) All debt securities including government securities are considered as “held to maturity” and accordingly stated at historical cost subject to amortisation of premium / accretion of discount over the balance period of maturity / holding.
- (iii) Listed and actively traded equity securities are stated at last quoted closing price on the National Stock Exchange (NSE). Where a security is not listed on NSE, the last quoted closing price on Bombay Stock Exchange (BSE) is adopted.

-
- (iv) Units of Mutual Funds are valued at the Net Asset Value (NAV). The change in the value is credited/ (debited) to the "Fair Value Change Account".
 - (v) In accordance with the Regulations, unrealized gain / loss arising due to changes in fair value of listed equity shares and mutual fund investments are taken to the "Fair Value Change Account". The credit balance, if any, in the fair value change account is not available for distribution, pending realisation.
 - (vi) The unrealized losses / gains arising due to change in fair value of equity shares will be captured at portfolio level. At the end of the financial year, any diminution in value of a scrip shall be tested for permanent impairment by applying the following tests:
 - a) the company has been continuously incurring losses during the three preceding years (or)
 - b) the company's net worth has been fully eroded (or)
 - c) the company's audited annual accounts are not available for the last two preceding years.Investments in such circumstances may be construed as impaired and would be written down as under:
 - a) Equity shares which are actively traded to their market value
 - b) Equity shares other than which are actively traded or unlisted, to the book value and where the book value is negative, to Re.1/-The impairment loss in such cases shall be recognized as an expense in the Revenue / Profit and Loss Account. Any reversal of impairment loss earlier recognized in Revenue Account / Profit and Loss Account, shall be recognized in the Revenue Account / Profit and Loss Account.
 - (vii) Segregation of invested assets is done by notionally allocating the closing Technical Reserves (Aggregate of Net Claims Outstanding and Reserve for Unexpired Risk and other related items) to Policyholders' Funds with the balance being reflected as Shareholders' Funds.
 - (viii) Investment income, where directly identifiable with a specific business segment is credited to the business segment and in all other cases is allocated to the respective Revenue Account and the Profit and Loss Account based on the ratio of "Technical Funds" and "Shareholders Funds", respectively.

H. Employee Benefits

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

I. Fixed / Intangible Assets and Depreciation / Amortisation

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

Particulars	Useful Life (in years)
Buildings	60 years
Furniture and Fittings *	5 years
Information Technology Equipment	3 years
Vehicles *	4 Years
Office Equipment *	4 Years
Electrical Fittings *	4 Years
Improvement to Premises *	Equally over the primary lease period initially agreed upon or 5 years whichever is lower

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

- (iii) Assets individually costing ₹5,000 or less are fully depreciated in the year of purchase.
- (iv) The carrying amounts of assets are reviewed at each Balance sheet date to ascertain if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use.
- (v) Computer software includes cost of application software which is amortised over a period of 3 years. Cost of other software is fully amortised in the year of purchase.
- (vi) Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value of the asset and present value of the minimum lease payments at the inception of lease term and are disclosed as leased assets .

Lease payments are apportioned between the finance charges and the corresponding liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Revenue accounts.

Leased assets capitalized under finance lease are depreciated on a straight line basis over the lease term.

J. Operating Leases

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

K. 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.

L. 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 period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted as on the balance sheet date.

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

tax assets are recognized only to the extent there is virtual certainty that the deferred tax assets can be realized. Deferred tax assets are reviewed as at each Balance sheet date.

3. Terrorism Pool

- (i) Premium received from customers on account of Terrorism cover has been ceded to General Insurance Corporation of India (GIC) Terrorism Pool Account. The Company's share in the Terrorism Pool Account with GIC, based on the statements of account received during the current year for the period upto December 31, 2014 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, 2015) - 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, 2015 to March 31, 2015 will be accounted on receipt of the relevant statements of account from GIC.

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

- (i) In accordance with the directions of IRDA, the Company, together with other non-life insurance companies, participates in the Indian Motor Third Party Declined Risk Insurance Pool [DR Pool], a multilateral reinsurance arrangement in respect of specified commercial vehicles and where the policy issuing member insurer cedes the insurance premium to the DR pool (based on underwriting policy approved by IRDA). The DR Pool is administered by General Insurance Corporation of India ('GIC').
- (ii) In terms of the DR Pool agreement,
 - a) Every member insurance company shall underwrite, net of reinsurance, a minimum percentage of "Act only" premium of specified commercial vehicles which is in proportion to the sum of fifty percent of the company's percentage share in total gross premium and fifty percent of the total motor premium of the industry for the financial year.
 - b) The member insurance company has the option of either retaining the "Act Only" premium in its books or ceding 75% (Previous Year – 75%) of the premium.
 - c) The fulfilment or shortfall of the above mandatory obligations shall be determined based on actual premium written (net of reinsurance) by the Company and premium retained with respect to the business ceded to the DR Pool.
 - d) The DR Pool shall be extinguished at the end of every financial year on a clean cut basis, based on the statement of accounts drawn by the Pool Administrator.
- (iii) The Company has recognised the DR Pool transactions in its books as under :
 - a) Amounts collected towards declined risks is reflected in GWP (Direct) and the ceding to the DR Pool in Premium on reinsurance ceded.
 - b) Likewise, premium received from the DR Pool is reflected in Reinsurance accepted.
 - c) Earned Premium is considered at 100% of the premium received from the DR Pool since the risks have been transferred on a clean cut basis.
 - d) Likewise, the Company's share of incurred claims of the DR Pool has also been considered on 100% of the earned premium and reflected in Claims Paid and Claims Outstanding.
 - e) The Company's share of administrative expenses of the DR Pool is disclosed under expenses of management and are net of deductions, if any.
- (iv) The Company has met its obligations and therefore has not provided for any loss apart from IBNR on the retained premium.

5. Change in Accounting Policy

During the year, the Company has adopted a policy for evaluation of impairment of investments. Accordingly, the provision for diminution in value of investments of ₹11,000 thousands is no longer required and has been reversed. Consequently, the Profit before tax for the year is higher by ₹11,000 thousands.

6. Contingent Liabilities

(₹ '000)

Particulars	As at March 31, 2015	As at March 31, 2014
Partly paid Investments	Nil	Nil
Outstanding underwriting commitments	Nil	Nil
Claims, under policies, not acknowledged as debts - in respect of a disputed claim under a Fire Policy	Nil	Nil
Claims, other than those under policies, not acknowledged as debts	Nil	Nil
Contested Claims 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)	316,057	277,316
(ii) In respect of disallowance of IBNR/IBNER provisions as an allowable expense (together with interest thereon)	–	152,164
(iii) Others	6,608	40,755
	322,665	470,235
(II) Service Tax Matters (in respect of):		
(i) Input Credit Availment on labour charges in motor claims (Note (b) below)	144,050	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) Others (including appeals against penalty only of ₹ 3,318 thousands (Previous Year - ₹ 1,586 thousands))	32,419	27,198
	435,237	430,016
Reinsurance obligations to the extent not provided for in accounts	Nil	Nil

- a. The contested Income Tax Demands have been ascertained taking into consideration the relief allowed by Commissioner of Income Tax (Appeals) (CIT(A)) and the principles adopted in the orders of the CIT(A) on similar disputed issues in the previous assessment years. The Company is on appeal before CIT(A) for the assessment years 2010-11 and 2011-12 and before Income Tax Appellate Tribunal (ITAT) for earlier assessment years from 2003-04 to 2009-10, with respect to disallowance amounting to ₹1,117,099 thousands (Previous Year - ₹1,303,709 thousands). Pending disposal of the appeals, the amounts so far remitted by the Company / adjusted by the Department stands at ₹297,865 thousands (Previous Year – ₹176,961 thousands) for all the assessment years in respect of the above disallowances. Considering the prevailing industry practice over several decades and the view taken by the Income Tax Department elsewhere in India on the same matter, the Company is of the opinion that the above demands are not sustainable.

- b. The Company is on appeal to CESTAT against the order of the Commissioner with respect to disallowance of availment of input credit of service tax on labour charges in motor claims for the period July 2007 to March 2011 amounting to ₹144,050 thousands (Previous Year – ₹144,050 thousands) (including penalty of ₹64,693 thousands (Previous Year – ₹64,693 thousands)) and made payments of ₹5,000 thousands (Previous Year – ₹5,000 thousands) under protest as per stay orders of CESTAT. Considering the view taken by the Service Tax Department elsewhere in India on the same matter, the Company expects to succeed in its appeal.
- c. The Company is on appeal to CESTAT against the order of the Commissioner with respect to the demand of remittance of service tax of ₹258,768 thousands (Previous Year – ₹258,768 thousands) (for the period from 2006-07 to 2011-12), including penalty of ₹122,842 thousands (Previous Year – ₹122,842 thousands) under reverse charge method on business auxiliary services availed from certain intermediaries. The company has remitted ₹51,580 thousands (Previous Year – ₹51,580 thousands) under protest. As the service providers have remitted Service Tax, there is no loss of revenue to the Government. Tribunals have held that where the remittance is made and there is no jeopardy to the interests of the Revenue, the demand cannot be enforced. The Company is confident of getting the appeals allowed.

7. Encumbrances

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

- a) Deposits under lien to banks amounting to ₹12,718 thousands (Previous Year - ₹12,640 thousands)
- b) Garnishee orders by MACT on bank balances amounting to ₹12,179 thousands (Previous Year – ₹17,144 thousands) in respect of Motor Third Party Claims. These amounts duly provided for are included in the Outstanding Claims.
- c) Security deposit of ₹Nil thousands (Previous Year – ₹18,327 thousands) provided by the Company to the Lessor under the operating lease agreement.

8. Commitments

- (a) There are no commitments made and outstanding for loans. Commitments made and outstanding for fixed assets are ₹32,195 thousands (Capital advance paid – ₹1,750 thousands) (Previous Year - ₹27,147 thousands).
- (b) Bank guarantees provided to customers / service providers towards performance commitments – ₹2,100 thousands (Previous Year - ₹2,100 thousands).
- (c) Commitments made and outstanding in respect of investments - ₹26,812 thousands (Previous Year – Nil)

9. Provision for Free Look Period

Pursuant to the Circular No.CIR/41/IRDA/Health/SN/09-10/32, the Company has made a provision for Free Look period.

10. Claims

(₹ '000)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Claims, less reinsurance, paid to claimants:		
- In India	6,083,561	6,660,164
- Outside India	-	-
Ageing of claims (Gross) - including third party motor claims and reported IMTPIP/ Declined Pool claims:		
- Outstanding for more than six months	8,280,774	5,869,711
- Other Claims	3,970,240	3,153,220
Claims settled and remaining unpaid for more than six months	Nil	Nil

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.

11. Premium Retention & Reinsurance

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

(₹ '000)

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
	Amount of Business Written (Direct)	% of Business Written (Direct)	Amount of Business Written (Direct)	% of Business Written (Direct)
Risk Retained	15,649,361	82.78	15,353,476	82.76
Risk Reinsured	3,254,948	17.22	3,197,669	17.24
Total	18,904,309	100.00	18,551,145	100.00

The above includes Excess of Loss reinsurance premium of ₹187,524 thousands (Previous Year ₹179,188 thousands) for the year ended on March 31, 2015.

b) Risk Reinsured includes cession under the IMTPIP and DR Pool arrangement.

c) 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.

12. Sector-wise Percentage of Business

(₹ '000)

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
	Amount of Business Written (Direct)	% of Business Written (Direct)	Amount of Business Written (Direct)	% of Business Written (Direct)
Rural Sector	3,089,080	16.34	3,421,467	18.44
Other Business	15,815,229	83.66	15,129,678	81.56
Total	18,904,309	100.00	18,551,145	100.00
Social Sector (No. of Lives) (As Certified by the Management)	1,873,639	-	5,066,122	-
Social Sector (No. of Policies) (As Certified by the Management)	197,960	-	191,185	-

13. Employee Benefits

a) Defined Contribution Plan

(₹ '000)

Expenses on defined contribution plan	As at March 31, 2015	As at March 31, 2014
Contribution to Staff Provident Fund / Family Pension Fund	28,654	23,731
Contribution to Superannuation Fund	10,838	9,180
Total	39,492	32,911

b) **Defined Benefit Plan - Disclosure in respect of Gratuity**

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 to Life Insurance Corporation of India (LIC). This valuation considers future salary increases, inflation, attrition levels and other relevant factors such as supply and demand factors in the employment market. The following table, sets out the status of the gratuity plan as at March 31, 2015 as required under AS 15 (Revised).

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

(₹ '000)

Particulars	As at March 31, 2015	As at March 31, 2014
Obligations at period beginning	31,645	24,823
Service Cost	7,255	5,028
Interest Cost	2,623	1,943
Actuarial (gain) / loss	1,990	3,705
Benefits paid	4,990	3,854
Obligations at period end	38,523	31,645
Change in Plan Assets		
Plan assets at period beginning, at fair value	25,252	20,224
Expected return on plan assets	2,547	2,176
Actuarial (gain) / loss	(152)	-
Contributions	6,393	6,706
Benefits paid	4,990	3,854
Plan assets at period end, at fair value	29,354	25,252

(All Plan Assets are invested in debt instruments)

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

(₹ '000)

Particulars	As at March 31, 2015	As at March 31, 2014
Fair value of plan assets at the end of the year	29,354	25,252
Present value of defined benefit obligations at the end of the year	38,523	31,645
Asset / (Liability)*	(9,169)	(6,393)
* Recognised as (liability) / asset in Balance Sheet respectively		
Gratuity cost for the year		
Service Cost	7,255	5,028
Interest Cost	2,623	1,943
Expected return on plan assets	2,547	2,176
Actuarial (gain) / loss	1,838	3,705
Net Gratuity Cost	9,169	8,500
Assumptions		
Interest rate	8.00%	9.00%
Estimated rate of return on plan assets	9.00%	9.40%
Salary Escalation Rate	5.50%	6.00%
Attrition Rate	1% - 3%	1% - 3%

Other Disclosures

(₹ '000)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2011
Present Value of defined benefit obligation	38,523	31,645	24,823	22,750	19,147
Fair Value of Plan assets	29,354	25,252	20,224	24,613	17,472
Surplus / (Deficit)	(9,169)	(6,393)	(4,599)	1,863	(1,675)

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 2015-16 amounts to ₹10,086 thousands.

14. Earnings Per Share

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Profit After Tax (₹ '000)	1,370,970	700,974
Weighted Average Number of Equity Shares	298,805,700	295,611,420
Earnings per Share – Basic and Diluted (₹)	4.59	2.37
Face Value Per Share (₹)	10	10

15. Deferred Tax Assets / (Liability) (net)

The components of deferred tax assets (Net) are as under:

(₹ '000)

Deferred Tax Assets arising on	As at March 31, 2015	As at March 31, 2014
Provision for compensated absences & other employee benefits	23,745	14,021
Provision for diminution in investments	–	3,739
Timing difference between book and tax - Unexpired Risk Reserve	206,212	5,080
Sub-total (a)	229,957	22,840
Deferred Tax Liability arising on		
Timing difference between book and tax written down value of assets	19,050	16,097
Sub-total (b)	19,050	16,097
Deferred Tax Assets / (Liability) (net) (a-b)	210,907	6,743

16. Operating Leases

The Company has operating lease agreements and the following lease rentals have been recognized in the Revenue Accounts:

(₹ '000)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Lease rent for the office space and residential accommodation generally for a period of 5 years with option to renew and with escalation in rent once in three years	81,076	79,066
The rentals for Information Technology hardware, Branch Infrastructure (Furniture & Fixtures, Office and Electrical equipments) for a period of 4 years and are renewable at the option of the Company	23,972	41,161
Minimum Lease Payments		
Not later than one year	Nil	Nil
Later than one year but not later than five years	Nil	Nil

17. Segmental Reporting

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

Segmental Breakup of the Balance Sheet as at March 31, 2015

(₹ '000)

Particulars	Fire	Marine	Miscellaneous	Unallocated	Total
Claims Outstanding	316,727	101,584	18,075,568	-	18,493,879
	(255,685)	(86,898)	(14,827,008)	-	(15,169,591)
Reserve for Unexpired Risk	823,430	58,910	7,868,482	-	8,750,822
	(610,921)	(56,120)	(7,195,322)	-	(7,862,363)
Investments	1,000,363	140,816	25,398,871	5,105,653	31,645,703
	(713,025)	(121,266)	(18,406,047)	(4,041,806)	(23,282,144)

(Previous year's figures are in brackets)

18. The balances of amount due to / due from other entities carrying on insurance business, especially the reinsurance balances and the public sector co-insurance 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.
19. 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 for the company as a whole, as at March 31, 2015.
20. Based on, and to the extent of information received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), and relied upon by the auditors, the relevant particulars are furnished below:

(₹ '000)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Principal amount due to suppliers under MSMED Act	-	-
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	-	-

21. Related Party Disclosure

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

- Holding Company: Tube Investments of India Limited
- Fellow Subsidiaries: Cholamandalam Investment and Finance Company Limited, Cholamandalam Distribution Services Limited, Cholamandalam Securities Limited, Shanthy Gears Limited, Financiere C 10 SAS, Sedis SAS, Societe de Commercialisation De Composants Industriels, Sedis Co. Limited, TICI Motors Company

Limited, TI Financial Holdings Limited

- Company holding Substantial Interest in Voting Rights: Mitsui Sumitomo Insurance Company Limited
- Company under the same management : Cholamandalam MS Risk Services Limited
- Key Management Personnel : Mr. S.S.Gopalarathnam, Mr. Tsuyoshi Yamane

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

(₹ '000)

Transaction	Related Party	2014-15	2013-14
Rent Recovery	Mitsui Sumitomo Insurance Company Limited	8,432	8,063
Fees incurred for Risk Inspection and advisory services	Cholamandalam MS Risk Services Limited	185,997	82,425
Premium Income	Tube Investments of India Limited	34,816	39,169
	Cholamandalam Investment and Finance Company Limited	24,934	47,422
	Cholamandalam MS Risk Services Limited	1,978	2,878
	Cholamandalam Distribution Services Limited	260	683
	Cholamandalam Securities Limited	566	1,623
	Shanthi Gears Limited	3,585	3,858
Claims Incurred (Net) *	Tube Investments of India Limited	16,320	12,723
	Cholamandalam Investment and Finance Company Limited	72,075	52,830
	Cholamandalam MS Risk Services Limited	1,091	569
	Cholamandalam Distribution Services Limited	91	143
	Cholamandalam Securities Limited	259	474
	Shanthi Gears Limited	-	1
Commission Expenses	Cholamandalam Distribution Services Limited	43,202	49,433
Brokerage expenses	Cholamandalam Securities Limited	670	308
Reinsurance Ceded	Mitsui Sumitomo Insurance Company Limited	482,013	467,054
Reinsurance Commission Received	Mitsui Sumitomo Insurance Company Limited	72,620	64,471
Reinsurance Recovery on Claims	Mitsui Sumitomo Insurance Company Limited	356,703	809,091
Management Expenses, Sitting Fees, Secondment charges, Marketing Expenses and Technical fees	Tube Investments of India Limited	-	-
	Mitsui Sumitomo Insurance Company Limited	9,535	10,361
	Cholamandalam MS Risk Services Limited	2,151	2,656
	Cholamandalam Investment and Finance Company Limited	234,337	193,825
	Shanthi Gears Limited	1,455	963
Management Expenses Recovered	Tube Investments of India Limited	55	206
	Mitsui Sumitomo Insurance Company Limited	2,088	2,503
	Cholamandalam MS Risk Services Limited	3,524	4,603
	Cholamandalam Investment and Finance Company Limited	1,874	2,701
	Shanthi Gears Limited	554	502
Investments in debt instruments during the year	Tube Investments of India Limited	-	97,546
	Cholamandalam Investment and Finance Company Limited	201,276	200,000
Investments redeemed during the year	Tube Investments of India Limited	-	-
	Cholamandalam Investment and Finance Company Limited	199,000	-

(₹ '000)

Transaction	Related Party	2014-15	2013-14
Interest Received	Tube Investments of India Limited	603	-
	Cholamandalam Investment and Finance Company Limited	30,499	30,111
Interest Income Accrued	Tube Investments of India Limited	8,197	8,197
	Cholamandalam Investment and Finance Company Limited	47,050	34,754
Managerial Remuneration – Managing Director	Key Management Personnel (Refer Note 24 (a))	18,956	17,106
Management Expenses (Rent paid)	Key Management Personnel	-	117
Secondment Charges – Whole Time Director	Key Management Personnel	2,533	2,292
Net Amounts Receivable / (Due) at year end			
Payable (Net) -Claims Outstanding	Tube Investments of India Limited	(1,270)	(776)
	Cholamandalam Investment and Finance Company Limited	(4,959)	(5,948)
Receivable/(Payable) (Net)- Due from other entities carrying on insurance business	Mitsui Sumitomo Insurance Company Limited	41,266	108,034
Investments in debt / money market instruments	Tube Investments of India Limited	100,000	100,000
	Cholamandalam Investment and Finance Company Limited	600,000	599,000
Receivable (Net) – Management expenses and rent	Tube Investments of India Limited	1,046	992
	Shanthi Gears Limited	399	126
	Mitsui Sumitomo Insurance Company Limited	1,450	3,090
Advance Premium Deposit (Liability)	Tube Investments of India Limited	(621)	(592)
	Cholamandalam Investment and Finance Company Limited	(21,048)	(19,783)
Receivable / (Payable) (Net) – Risk Services cost, Commission & Marketing Expenses and Management expenses recovery	Cholamandalam MS Risk Services Limited	11,170	(8,504)
	Cholamandalam Investment and Finance Company Limited	(816)	(840)
	Cholamandalam Distribution Services Limited	(2,454)	(1,763)
* Gross Incurred Claims	Tube Investments of India Limited	23,643	15,868
	Cholamandalam Investment and Finance Company Limited	87,610	72,921
	Cholamandalam MS Risk Services Limited	1,160	609
	Cholamandalam Distribution Services Limited	98	149
	Cholamandalam Securities Limited	273	502
	Shanthi Gears Limited	-	7

22. 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)

S. No.	Authority	Non-Compliance / Violation	Penalty awarded	Penalty paid	Penalty waived / Reduced
1	Insurance Regulatory & Development Authority	Non-compliance with Insurance Brokers Regulations/Non-fulfilment of mandatory volumes in respect of Declined Risk Pool	Nil (500)	Nil (500)	Nil (Nil)
			Nil (500)	Nil (500)	Nil (Nil)
2	Service Tax Authority	Refer Note 6 (II)			
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)

23. As per IRDA Circular No. IRDA/F&I/CIR/CMP/174/11/2010 dated November 4, 2010, the statement showing the age-wise analysis of the unclaimed amounts of the policyholders as at March 31, 2015 is given below :

(₹ '000)

Particulars	Total Amount	4 - 12 months	13 - 18 months	19 - 24 months	25 - 30 months	31 - 36 months	Beyond 36 months
Claims settled but not paid to the policyholders / insured due to any reasons except under litigation from the insured / policyholders	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sum due to the insured / policyholders on maturity or otherwise	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	7,241	2,201	542	890	502	423	2,683
Cheques issued but not encashed by the policyholder / insured	82,514	23,998	13,617	9,090	9,661	5,752	20,396
Total	89,755	26,199	14,159	9,980	10,163	6,175	23,079

24. Directors' Remuneration

(a) Remuneration to Managing Director

(₹ '000)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Salaries and Allowances*	17,051	15,368
Contribution to Provident and Other Funds*	1,758	1,408
Perquisites	147	330
Total	18,956	17,106

* 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.

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 Wholtime Director, except for Secondment Charges reimbursable to Mitsui Sumitomo Insurance Company Limited, Japan (MS) amounting to ₹2,532 thousands (Previous Year - ₹2,292 thousands) and the same has been charged to Profit and Loss Account in accordance with IRDA directive.

(b) Remuneration to Non-Executive Directors

(₹ '000)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Commission	4,274	3,500
Sitting Fees	1,970	1,415

25. The Company shares certain costs / service charges with other companies in the Group. These costs have been allocated between the Companies on a basis mutually agreed to between the Companies, which has been relied upon by the Auditors.
26. As prescribed by IRDA, the summary of financial statements and the accounting ratios of the Company are presented in the Annexures attached. Particulars of the risk management architecture and quantitative aspects of claims outstanding are contained in the Management Report.
27. Previous year's figures have been regrouped / reclassified wherever necessary to confirm to the current year's presentation. The summary of the regroupings of the previous year's figures is as follows:

(₹ '000)

S. No.	Sch	Particulars	Previous year figures reported in current year	Reported in previous year	Difference	Reasons
1	13	Sundry Creditors	-	8,683	(8,683)	Gratuity provision reclassified from Sundry Creditors to Leave and other employee benefits
2	14	Leave and other employee benefits	8,683	-	8,683	
3	4	Interest and Bank Charges	874	-	874	Interest paid regrouped from Miscellaneous
4	4	Miscellaneous expenses	-	874	(874)	
5	4	Legal and Professional Charges	-	300	(300)	Tax audit fees regrouped from Legal and Professional Charges to Auditors' fees and expenses - in any other capacity
6	4	Auditors' Fees and Expenses – as adviser in respect of taxation matters	300	-	300	
7	4	Legal and Professional Charges (FY 2013-14)	-	118,500	(118,500)	Professional fees paid in current year and earlier years have been regrouped to Profit and Loss Account (Shareholders' Account) as directed by IRDA
8	P&L	Expenses other than those related to insurance business (FY 2013-14)	118,500	-	118,500	
9	4	Legal and Professional Charges (FY 2012-13)	-	83,845	(83,845)	
10	P&L	Expenses other than those related to insurance business (FY 2012-13)	83,845	-	83,845	
11	4	Employees' Remuneration and Welfare Benefits	-	2,292	(2,292)	Secondment charges paid to Wholetime Director regrouped from Revenue Accounts to Profit and Loss Account (Shareholders' Account) as directed by IRDA
12	P&L	Employees' Remuneration and Welfare Benefits	2,292	-	2,292	

Signature to Schedules 1 to 16
For and on behalf of the Board of Directors

Pradeep V Bhide
Chairman

N Srinivasan
Director

Suresh Krishnan
Company Secretary

S S Gopalarathnam
Managing Director

Takahiko Shibakawa
Wholetime Director

S K Rangaswamy
Chief Financial Officer

May 4, 2015
Chennai

Annexure A

Note 17 of Schedule 16

Segmental reporting for the year ended March 31, 2015

(₹ '000)

Particulars	Year	Fire		Marine		Miscellaneous										Investment Income/ Other Income	Total		
		Cargo	Other than Cargo	Total	Motor	OD	TP (Note (a) below)	IMTPP	Workmen's Compensation	Public/ Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others			Total Misc	
Premium from Direct Business Written	2014-15	1,243,406	641,291	11	641,302	12,790,882	5,922,253	6,868,829	-	53,671	63,986	247,889	-	651,067	1,728,596	1,483,500	17,019,601	-	18,904,309
	2013-14	1,089,044	649,261	106	649,367	12,497,083	6,297,382	6,199,721	-	47,227	97,746	276,357	-	595,737	1,940,939	1,347,585	16,851,145	-	18,551,145
Add: Premium on Reinsurance Accepted	2014-15	64,253	-	-	64,253	16,030	-	16,030	-	-	-	11,906	-	-	-	-	(4,124)	-	60,129
	2013-14	64,656	-	-	64,656	87,742	-	87,742	-	-	-	14,083	-	-	-	-	10,183	-	168,491
Less: Premium on Reinsurance Ceded	2014-15	661,054	435,809	1	436,810	679,227	312,688	366,539	-	2,684	25,861	139,057	-	64,455	121,107	1,125,693	2,158,084	-	3,254,948
	2013-14	567,725	463,839	5	468,844	684,507	345,262	339,245	-	2,454	65,452	142,109	-	93,246	145,233	1,033,099	2,166,100	-	3,197,689
Adjustment for Changes in Reserve for Unexpired Risk	2014-15	186,294	(15,526)	(9)	170,768	436,787	769	436,018	-	(2,864)	1,961	5,949	-	208,189	(305,013)	27,792	1,035,646	-	1,206,330
	2013-14	439,097	202,683	19	202,702	11,658,838	5,608,796	6,058,042	-	47,421	32,673	118,996	-	451,758	1,511,757	362,889	14,184,232	-	14,821,031
Premiums Earned (Net)	2014-15	409,661	200,948	185	201,133	10,800,866	5,734,824	5,066,062	-	47,437	30,333	142,962	-	284,302	2,100,179	286,694	13,702,823	-	14,313,637
	2013-14	9,566	1,386	-	1,386	166,605	33,436	132,240	929	318	305	1,109	-	6,365	4,058	435	179,195	-	245,545
Profit / (Loss) on Sale / Redemption of Investments	2013-14	1,895	335	-	335	32,720	8,401	24,329	-	86	74	312	-	1,369	1,043	(462)	35,152	-	50,425
Other income	2014-15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2013-14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others:	2014-15	555	484	-	484	-	-	-	-	4	4	57	-	26	13	8	108	-	1,147
	2013-14	601	583	-	583	-	-	-	-	10	10	463	-	34	14	6	527	-	1,711
Investment Income from pool (Terrorism pool)	2014-15	52,343	-	-	-	-	-	-	-	-	-	8,327	-	-	-	-	8,327	-	60,670
	2013-14	41,564	-	-	-	-	-	-	-	-	-	8,075	-	-	-	-	8,075	-	49,639
Interest and Dividend - Gross	2014-15	105,566	15,282	-	15,282	2,159,482	368,978	1,459,310	331,194	3,514	3,371	12,235	-	70,237	44,780	4,788	2,298,407	-	2,648,993
	2013-14	63,730	11,266	1	11,267	1,498,079	282,349	818,223	397,307	2,885	2,484	10,485	-	46,030	35,079	(15,514)	1,579,528	-	1,694,668
Total Segmental Revenue	2014-15	602,127	219,834	19	219,853	13,984,925	6,011,210	7,641,592	332,123	51,153	36,353	140,724	-	528,386	1,560,608	368,120	16,670,269	-	17,777,386
	2013-14	517,471	213,132	186	213,318	12,331,685	6,025,774	5,908,614	397,307	50,408	32,901	162,327	-	341,735	2,136,315	270,724	15,326,105	-	16,506,605
Claims Incurred (Net)	2014-15	276,885	145,416	-	145,416	9,237,386	2,851,519	6,022,981	362,886	9,024	9,463	61,114	-	196,575	832,944	292,412	10,638,918	-	11,061,219
	2013-14	279,373	115,246	-	115,246	9,313,631	3,051,780	5,582,339	679,512	11,407	10,455	53,668	-	126,693	1,295,979	168,169	10,979,392	-	11,374,011
Direct Commission Paid	2014-15	113,035	53,493	-	53,493	421,021	421,021	-	-	2,286	10,961	18,712	-	13,810	15,042	28,994	646,946	-	813,374
	2013-14	88,219	18,494	-	18,494	413,644	411,356	2,288	-	2,689	8,433	19,654	-	11,003	9,100	68,982	615,815	-	722,528
Commission on Reinsurance Accepted	2014-15	696	-	-	-	-	-	-	-	-	-	53	-	-	-	-	53	-	749
	2013-14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commission on Reinsurance Ceded	2014-15	71,443	64,097	-	64,097	61,502	44,420	17,182	-	403	3,169	23,680	-	12,899	13,014	231,489	346,256	-	481,796
	2013-14	60,940	62,296	4	62,300	99,417	81,133	18,284	-	2,292	10,029	28,347	-	19,676	25,273	195,607	380,641	-	503,861
Operating Expenses Related to Insurance Business	2014-15	144,261	39,526	2	39,528	3,218,443	1,489,740	1,728,603	-	13,456	10,122	30,918	-	167,030	481,263	153,361	4,074,533	-	4,258,322
	2013-14	126,548	33,001	14	33,015	2,853,801	1,437,126	1,416,675	-	7,940	5,715	32,555	-	186,367	369,182	169,896	3,625,366	-	3,784,929
Other Expenditure / (Income)	2014-15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118,712
	2013-14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	115,242
Premium Deficiency	2014-15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2013-14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenses	2014-15	463,434	174,338	2	174,340	12,815,148	4,777,860	7,734,402	362,886	24,463	27,397	87,117	-	364,516	1,452,255	243,298	15,014,094	-	15,770,580
	2013-14	433,200	104,445	10	104,455	12,481,659	4,819,129	6,963,018	679,512	19,644	14,574	77,120	-	304,407	1,730,898	211,450	14,839,932	-	15,492,829
Segmental Profit	2014-15	138,693	45,496	17	45,513	1,169,777	1,295,350	(92,810)	(30,763)	26,790	8,956	53,807	-	163,970	108,353	124,822	1,656,175	-	2,006,806
	2013-14	84,271	108,687	176	108,863	(149,964)	1,206,645	(282,205)	(282,205)	30,564	18,327	85,207	-	37,328	405,417	59,294	486,173	-	1,015,776
Provision For Taxation (net of MAT Credit)	2014-15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	655,896
	2013-14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	314,802
Net Profit for the year	2014-15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,370,970
	2013-14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	700,974
Net Incurred Claims / Net Earned Premium (%)	2014-15	64%	72%	-	72%	79%	51%	100%	-	19%	29%	51%	-	44%	55%	81%	75%	-	75%
	2013-14	68%	57%	-	57%	86%	53%	110%	-	24%	34%	37%	-	43%	62%	59%	80%	-	79%

Notes:

(a) Segment results include the financial impact as detailed in Note 5 (iv) and the EBNF provisioning in respect of Commercial vehicles third party risks retained in the Balance Sheet effective April 1, 2012.

(b) Segment expenses are net of Commission on Reinsurance Ceded

Summary of Financial Statements

Registration No: 123

Date of Registration with IRDA July 15, 2002

(₹ '000)

S. No	Particulars	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
OPERATING RESULTS											
1	Gross Premium Written (Note 1)	18,904,309	18,551,145	16,208,906	13,465,362	9,679,864	7,848,548	6,854,351	5,223,354	3,117,320	2,201,809
2	Net Premium Income (Note 2)	15,709,490	15,519,967	13,500,583	9,907,740	7,268,600	5,146,347	4,341,377	3,211,287	1,592,591	985,500
3	Income from Investments (Net)	2,670,071	1,741,546	1,367,944	731,176	479,953	400,694	282,980	183,924	94,743	69,500
4	Others	1,147	1,711	1,489	645	746	714	1,201	1,268	1,127	4,500
5	Total Income	18,380,708	17,263,224	14,870,016	10,639,561	7,749,299	5,547,755	4,625,558	3,396,479	1,688,460	1,059,500
6	Commissions (Note 3)	332,327	218,647	170,450	136,820	(17,827)	(214,478)	(280,063)	(226,559)	(211,475)	(217,200)
7	Operating Expenses (Note 4)	4,258,322	3,903,430	3,310,312	2,804,107	2,331,067	1,939,517	1,639,532	1,321,193	794,856	571,300
8	a) Claims	11,061,219	11,374,011	9,003,657	6,581,753	4,857,802	3,443,377	2,757,790	1,556,531	707,663	689,300
	b) Increase in Unexpired Risk Reserve and Other Outgoes	888,459	1,206,330	1,826,241	1,216,439	994,932	523,454	487,731	722,712	319,803	101,500
	c) Premium Deficiency	-	-	-	-	(12,826)	12,826	-	(2,400)	2,400	-
9	Operating Profit / (Loss)	1,840,381	560,806	559,356	(99,558)	(403,850)	(156,940)	20,568	25,002	75,211	(85,400)
NON-OPERATING RESULT											
10	Total Income under Shareholders' Account	166,425	454,969	330,744	254,506	177,946	175,442	97,925	80,397	62,662	60,439
11	Profit / (Loss) before tax	2,006,806	1,015,775	890,100	154,950	(225,903)	18,502	118,493	105,399	137,872	(24,961)
12	Provision for Tax	635,836	314,802	288,139	(36,290)	3,435	(5,082)	48,581	33,023	13,004	6,214
13	Profit / (Loss) after Tax	1,370,970	700,973	601,961	191,240	(229,339)	23,584	69,912	72,375	124,869	(31,174)
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	2,919,875	2,836,450	2,669,600	2,669,600	1,419,600	1,419,600	1,419,600	1,419,600
17	Net Worth	7,190,099	5,824,426	4,359,402	3,256,939	2,569,896	2,793,279	1,475,231	1,434,491	1,379,634	1,262,453
18	Total Assets (Note 6)	36,088,781	31,263,010	24,859,605	15,097,038	11,679,004	7,513,063	5,366,412	4,700,066	3,360,834	2,593,938
19	Yield on Total Investments	10.06%	9.30%	9%	8.50%	7.84%	8.60%	8.02%	8.01%	6.17%	5.58%
20	Incurred claims ratio (NIC/ NEP)	74.63%	79.46%	77.12%	75.73%	77.43%	74.49%	71.56%	62.55%	55.60%	77.98%
21	Commission ratio (Commission / Net written premium)	2.12%	1.41%	1.26%	1.38%	(0.25%)	(4.17%)	(6.45%)	(7.06%)	(13.28%)	(22.04%)
22	Expenses ratio (Expenses / Gross direct premium)	22.53%	21.04%	20.42%	20.82%	24.08%	24.71%	23.92%	25.29%	25.50%	25.95%
23	Earnings per Share (₹)	4.59	2.37	2.08	0.69	(0.86)	0.11	0.49	0.51	0.88	(0.22)
24	Book Value per Share (₹)	24.06	19.49	14.93	11.48	9.63	10.46	10.39	10.10	9.72	8.89
25	Total Dividend	-	-	-	-	-	-	-	-	-	-
26	Dividend per Share (₹)	-	-	-	-	-	-	-	-	-	-
27	Solvency Margin (times)	1.59	1.61	1.42	1.33	1.61	1.76	1.02	2.00	2.63	2.51
28	Solvency Margin (times) (Regulatory Requirement)	1.50	1.50	1.40	1.30	1.30	1.50	1.50	1.50	1.50	1.50

Notes:

- 1) Gross Premium Written represents Premium on Direct Business Written.
- 2) Net Premium Income represents Gross Written Premium Net of Reinsurance Accepted & Ceded.
- 3) Commission is net of Commission earned on Reinsurance Ceded.
- 4) Operating expenses are taken net of gains from the sale of fixed assets, if any and excludes exceptional expenditure.
- 5) Pursuant to IRDA Regulations, ₹25,593,658 thousands of the investments representing the Technical Reserves as at March 31, 2015 has been notionally allocated as Policy holders' Funds.
- 6) Total Assets is defined as Net Fixed Assets + Investments + Current Assets+Deferred Tax assets.

Performance Ratios

Registration No: 123

Date of Registration with IRDA **July 15, 2002**

S. No.	Type of Ratio	Method of Computing	2014-15	2013-14
1	Gross 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)	2.63	3.19
3	Growth Rate of Net Worth	Net Worth as at the current balance sheet date / Net Worth as at the previous balance sheet date	23.56%	33.48%
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 premium	Schedule 3	Schedule 3
6	Expenses of Management to Gross Direct Premium Ratio (Note 1)	Expenses of management / gross direct premium	26.83%	24.29%
7	Expenses of Management to Net Written Premium Ratio (Note 1)	Expenses of management (operating expenses plus direct commission) / Net Written Premium	32.28%	29.03%
8	Net Incurred Claims to Net Earned Premium	Net Incurred Claims / Net Earned Premium	74.63%	79.46%
9	Combined Ratio	Claims paid plus expenses of management plus commission / Net Written Premium	103.85%	105.24%
10	Technical Reserves to Net Premium Ratio	Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims / Net premium	1.73	1.48
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 of Policyholders/ Net premium	12.41%	4.75%
13	Liquid Assets to Liabilities Ratio (Note 3)	Liquid assets of the insurer / policy holders' liabilities	0.19	0.35
14	Net Earning Ratio	Profit after tax / Net premium	8.73%	4.52%
15	Return on Net Worth	Profit after tax / Net worth	19.07%	12.05%
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	1.59	1.61
17	NPA Ratio		Nil	Nil

Notes:

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

Registration No: 123

Date of Registration with IRDA July 15, 2002

Schedule	Particulars	Year	Fire	Marine			Miscellaneous										Total
				Cargo	Other than Cargo	Total	Motor	Workmen's Compensation	Public / Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total Misc		
Schedule 1	Gross Premium for the Current Year / Gross Premium for the previous year	2014-15	13.14%	(1.23%)	(89.62%)	(1.24%)	2.35%	13.64%	(34.54%)	(10.49%)	-	9.29%	(10.92%)	10.09%	1.29%	1.90%	
		2013-14	17.49%	27.37%	-	27.36%	17.18%	(26.37%)	67.43%	(15.94%)	-	11.77%	(31.02%)	347.64%	13.81%	14.45%	
Schedule 2	Net Retention Ratio (Net Premium / Gross Premium)	2014-15	49.45%	32.04%	90.91%	32.04%	94.68%	95.00%	59.58%	46.48%	-	90.10%	92.99%	24.12%	87.32%	82.84%	
		2013-14	51.21%	28.56%	94.34%	28.57%	94.56%	94.80%	33.04%	51.17%	-	84.35%	92.52%	23.34%	87.19%	82.92%	
Schedule 3	Net Commission Ratio (Commission Paid Net of Reinsurance / Net Premium)	2014-15	6.54%	(5.16%)	-	(5.16%)	2.97%	3.69%	20.49%	(4.07%)	-	0.16%	8.59%	(56.59%)	2.02%	2.12%	
		2013-14	4.56%	(23.62%)	(4.00%)	(23.61%)	2.64%	1.33%	(4.94%)	(5.70%)	-	(1.79%)	3.66%	(40.26%)	1.60%	1.41%	
Schedule 4	Underwriting Balance Ratio (Underwriting Profit / Net Premium)	2014-15	(0.07)	0.14	0.89	0.14	(0.10)	0.49	0.16	0.27	-	0.19	0.04	0.33	(0.06)	(0.06)	
		2013-14	(0.06)	0.48	-	0.48	(0.16)	0.58	0.52	0.46	-	(0.03)	0.18	0.26	(0.08)	(0.07)	

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

Cautionary Statement

Certain expectations and projections regarding the future performance of the Company referenced in this annual report constitute forward-looking statements. These expectations and projections are based on currently available competitive, financial and economic data, alongwith 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.



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