



TO STAY AHEAD



SURGING AHEAD

Annual Report 2012 – 2013

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

In our annual report last year, we signed off saying 'we're set to record an even healthier growth in the years to come.' Little did we realize that we'd not only record far more than just a healthier growth, but that this growth would arrive far sooner – one short year, to be exact.

Across 2012-13, we've amplified Profit Before Tax from ₹155 million to ₹890 million and Gross Written Premium from ₹13465 million to ₹16209 million. We've also achieved Banca channel growth, introduced new technology initiatives and won creditable awards.

That these extraordinary achievements come immediately after the euphoria of crossing our 10 year milestone shows that we are focused and determined as ever to leverage our T3 philosophy – Trust, Transparency & Technology – to be a top ranking service provider in the general insurance industry.

Not in years to come, but far sooner!



AWARDS AND ACCOLADES



ISO 9001:2008 certification for
Processing and Settlement of Health Claims
through Chola MS HELP

Best Insurer Award
for Overall Performance in RSBY



'Innovation Leader Award'
for the year 2012



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Board of Directors

S B Mathur	Chairman
R Beri	Director
Pradeep V Bhide	Director
N Srinivasan	Director
Katsuhiko Kaneyoshi	Director
S S Gopalarathnam	Managing Director
Tsuyoshi Yamane	Wholetime Director

Management Team

S S Gopalarathnam	Managing Director
Tsuyoshi Yamane	Wholetime Director
Vedanarayanan Seshadri	Chief Marketing Officer
A Jeganathan	Senior Vice President - Underwriting & Reinsurance
V Suryanarayanan	Senior Vice President & CFO
R Suresh	Senior Vice President - Claims
V Sundar	Senior Vice President - IT & Operations
A Prabhakaran	Vice President - Operations
Ajaybir Singh Bakshi	Vice President - Human Resources
Rekha Surendhiran	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:

"Dare House", No.2, N.S.C.Bose Road, Chennai 600 001.

Phone: 91-44-30445400, Fax : 91-44-30445550, Toll Free No. 1800 200 5544

W: cholainsurance.com



Financial Highlights



₹ in million

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Gross Written Premium	148	971	1,693	2,202	3,117	5,223	6,854	7,849	9,680	13,465	16,209
Net Earned Premium	11	238	711	884	1,273	2,489	3,854	4,623	6,274	8,691	11,674
PBT before IMTPIP	(31)	(62)	(33)	(25)	138	186	251	162	388	586	1,124*
PBT	(31)	(62)	(33)	(25)	138	105	118	19	(226)	155	890
PAT	(31)	(62)	(33)	(31)	125	72	70	24	(229)	191	602
Net Worth	1,019	1,327	1,294	1,262	1,380	1,434	1,475	2,793	2,570	3,257	4,359
Fixed Assets (net)	59	71	90	80	115	230	281	140	289	359	496
Investment portfolio	1,089	1,708	1,982	2,160	2,543	3,300	3,648	5,721	9,661	12,573	17,242
Earnings per Share (₹)	(0.39)	(0.44)	(0.24)	(0.22)	0.88	0.51	0.49	0.11	(0.86)	0.69	2.08
Book Value per Share (₹)	9.70	9.35	9.11	8.89	9.72	10.10	10.39	10.46	9.63	11.48	14.93

* For FY 2012-13 PBT is before losses from IMTPIP & declined pool

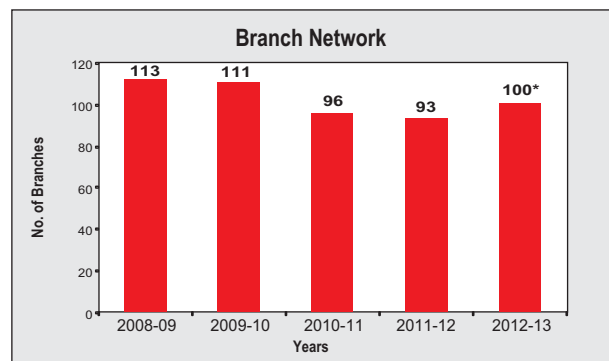
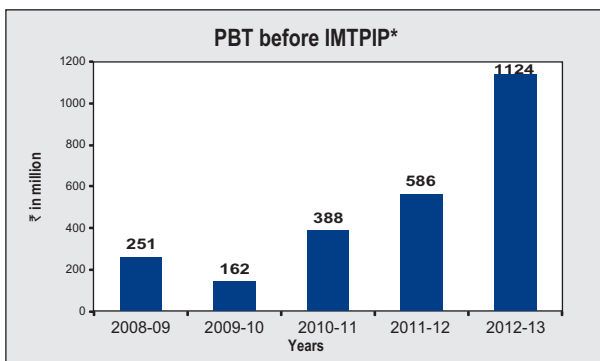
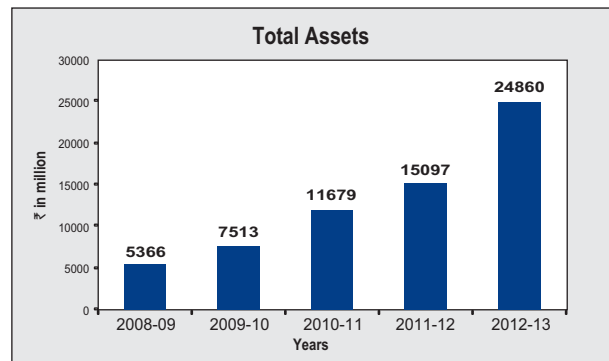
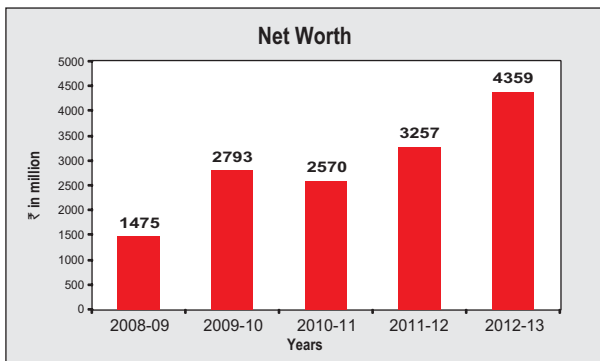
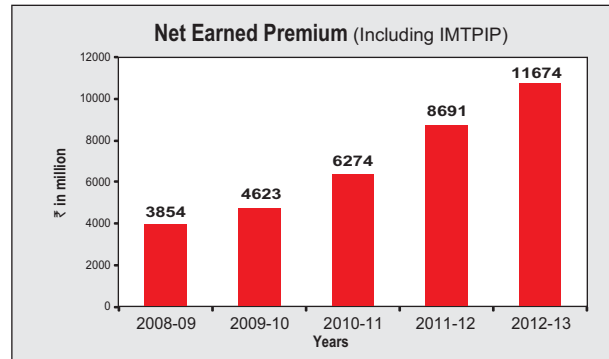
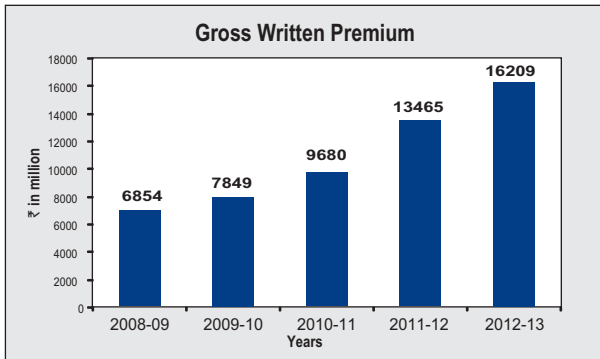
PBT - Profit before tax

IMTPIP - Indian Motor Third Party Insurance Pool

PAT - Profit after tax



Key Financial Indicators



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

* Excludes Head office.



Dear Shareholders,

The financial year 2012-13 has been a very significant year for the Company. In its tenth year of operations, the Company registered a growth of 20.4% with its Gross written premium increasing to Rs.16,209 million from 13,465 million in the previous year. For the first time in the history of the Company, operating profits crossed the Rs.1 billion mark and closed at Rs.1124 million (before the motor pool and declined pool losses) reflecting a growth of 91.7% over the previous year. The profit before tax after absorption of the motor pool and declined pool losses stood at Rs.890 million and the profit after tax was Rs.602 million.

The Company's GWP growth is in the backdrop of an industry growth of 19%.The substantial growth in the business volumes from bancassurance tie-ups and government business, enhanced rural focus through higher penetration in tractor insurance aided the top line growth of the Company. The Company continued to consolidate its presence in the motor, health lines of business.

The Company attained an encouraging 100.4% combined ratio (before absorption of motor pool and declined pool losses) with improved claims ratios, reduced expenses of management, sales transformation exercises and initiatives in improving technical excellence in underwriting, pricing and claims management processes. The Company also improved on its yield on the investment portfolio to 9%.

Besides, the much improved financial performance, the Company also attained various certifications, awards and accolades including ISO certification 9001:2008 for claim processing in health and motor, the Best performing company for overall performance in RSBY by Government of India etc. which evidences the thrust provided in improving the quality of services to our policyholders and channel partners. Our website has also been listed as one of the top websites in a study conducted by Yahoo.

Despite the economic slowdown in key industries like auto/ real estate, poor consumer sentiments, continuing economic concerns increasing competition intensity and issues of pricing inadequacy at an industry level, the Company is confident of continuing to grow its top line and improving on its bottom line. At the start of the financial year 2013-14, the senior team of Chola MS reviewed its Vision and Mission statement as follows:

VISION: We will be the preferred choice for our clients, business partners and employees through core values of trust and transparency aided by technology.

MISSION: To bring "peace of mind" to our clients by protecting them from financial risks.

A whole range of initiatives including process & technology improvements have been planned to align the operations of the Company to the above stated Vision and Mission.

I take this opportunity to thank customers, Regulator, business partners, intermediaries, Re-insurers and vendors for their support and contribution in our growth. I also wish to place my sincere thanks to our promoters - the Murugappa Group and MSI, Japan for their support and faith in us. Lastly, my appreciation and thanks to the team at Chola MS for their continued dedication and commitment for a profitable growth.

We at Chola MS are convinced that we will "Surge to Stay Ahead" and continue adding value to all stakeholders.

Regards,

S S Gopalarathnam



Profile of Directors





Mr. S B Mathur
*Independent Director
& Chairman*

- Is a Chartered Accountant, Part 1 & 2 of ICWA (London);
- Has over 41 years of experience in the insurance industry;
- Served as an Administrator in Specified Undertaking of the Unit Trust of India (SUUTI);
- Has served as Chairman of LIC and Secretary General of Life Insurance Council;
- Is a Board member of various companies including ITC Limited, IL&FS Limited, Ultratech Cement Limited, Axis Bank Limited, NSE, Havells India Limited, India Mortgage Guarantee Corporation Private Limited, Mindas Corporation Limited etc.;
- Has been associated with the Company as Chairman since July 2010.

- Holds a honours degree in Arts- History and is a MBA from Birla Institute of Technology & Science, Pilani;
- Has over 36 years of experience in general insurance;
- Served as Insurance Ombudsman for Delhi and Rajasthan;
- Was Chairman cum Managing Director of The New India Assurance Company Limited;
- Had been the Chairman of National Insurance Academy, Insurance Institute of India;
- Has held directorships in GIC, GIC Housing Finance, TAC etc.;
- Is a Board member of Trans Africa Assurance Company Limited, Uganda;
- Has been associated with the Company as a director since July 2010.



Mr. R Beri
Independent Director



Mr. Pradeep Vasudeo Bhide
Non-Executive Director

- Is a IAS (Retd.) and holds a Bachelors degree in Science and Law and a Masters degree in Business Administration with specialisation in Financial management;
- Has held senior positions at the State and Central Government levels;
- Was the Chairman cum Managing Director at APCO and Godavari Fertilisers & Chemicals Limited;
- Is a Board Member of various companies including Tube Investments of India Limited, L&T Finance Limited, Ballarpur Industries Limited, GlaxoSmithkline Pharmaceuticals Limited, Heidelberg Cement India Limited, NOCIL Limited, A.P.I.D.C Venture Capital Private Limited etc.;
- Has been associated with the Company as a director since April 2013.

- Is a Chartered Accountant and Company Secretary;
- Is the Group Director - Finance, of the Murugappa Group;
- Has over 29 years of varied experience in the areas of Corporate Finance, Legal, Projects and General Management;
- Is the Vice Chairman of Cholamandalam Investment and Finance Co. Limited;
- Is a Board member of Tube Investments of India Limited, Murugappa Holdings Limited, Cholamandalam MS Risk Services Limited etc.;
- Has been associated with the Company as a director since August 2007.



Mr. N Srinivasan
Non- Executive Director



Mr. Katsuhiko Kaneyoshi
Non- Executive Director

- Graduated in Law from Senshu University, Japan;
- Working in Mitsui Sumitomo Insurance Co. Limited, Japan since 1976;
- Has over 36 years of experience in general insurance;
- Has been associated with the Company as a director since April 2010.

- Holds a Bachelors degree in Commerce and is a fellow member of the Institute of Cost & Works Accountants of India and has done an advanced management program in Harvard University;
- Has been associated with the Murugappa Group since 1979 in various capacities;
- Spent 21 years in Tube Investments of India Limited in various roles like Finance, Exports and Business operations;
- Was Head of Corporate & strategic planning at the Murugappa Group for 1½ years;
- Has been associated with the Company for more than 10 years since its inception in the capacity of CFO, President - Operations and since April 2008 as the Managing director.



Mr. S S Gopalarathnam
Managing Director



Mr. Tsuyoshi Yamane
Wholetime Director

- Is a Bachelor of Commerce from Keio University, Japan;
- Working with Mitsui Sumitomo Insurance Co. Limited, since 1983;
- Has over 28 years of experience in general insurance;
- Has been associated with the Company since August 2009 as a non-executive director and from April 2010 as a wholetime director.



Directors' Report to Members



Your directors have pleasure in presenting the twelfth annual report together with the audited financial statements of the Company for the year ended March 31, 2013.

Financial Highlights

(₹ in million)

Particulars	2012-2013	2011-2012
Gross Written Premium (GWP)		
- Direct	16209	13465
- Reinsurance Acceptance	307	1593
Total GWP	16516	15058
Net Earned Premium	10689	7565
Net Claims Incurred	7246	4801
Net commission and expense of Management	3484	2933
Investment Income	1164	755
Other Income (net)	1	Nil
Operating Profits	1124	586
Motor pool losses & Declined pool losses (Net of investment income)	(234)	(431)
Profit before tax	890	155

Industry Scenario

In FY 2012-13, in the backdrop of strong growth in the service sector, the GWP of non-life insurers is reported at around ₹ 631 billion, a growth of around 19.4% over the previous year. The market share of public sector companies was 56% and the private sector companies grew marginally over the previous year constituting 44%. Motor and health insurance continued to constitute a significant portion of the insurance portfolio at about 70%. However, the inadequate premium pricing in the industry, particularly in the commercial lines of business, continues to seriously impact the underwriting profitability.

Summary of Company Performance

The Company achieved a GWP (direct) of ₹16,209 million registering a growth of 20.4% over the previous year. The Company's market share as at March 31, 2013 was 2.35% (w/o specialized companies). The Company also moved to 7th rank (w/o specialized companies) within private sector insurers in India, in terms of GWP.

There was all round improvement in the performance of the Company resulting in the improvement of

combined ratio (before absorption of motor pool and declined pool losses) to 100.4% (102.9% in the previous year). Investment income also grew well resulting in the highest ever Operating Profits (before tax) of the Company.

The Company for the first time crossed ₹ 1 billion mark in operating profits and achieved an operating profit before tax of ₹1,124 million (before motor pool and declined pool losses) in its tenth full year of operations reflecting a growth of 91.7% over the previous year.

The profit before tax stood at ₹890 million (the highest in the history of the Company) after absorption of:

- Losses from dismantled IMTPIP (net of investment income) of ₹130 million representing the second tranche in line with the IRDA Order dated March 22, 2012 and
- Losses from Declined pool of ₹104 million.

Business Operations

During the year ended March 31, 2013, the Company recorded a 20.4% growth in its top-line by clocking a GWP of ₹ 16,209 million aided by (a) substantial growth in the business volumes from bancassurance tie-ups (b) growth in government business (RSBY) (c) enhanced rural focus through higher penetration in tractor insurance and (d) growth in volumes from its tie-up with auto manufacturers.

Some of the other specific steps taken by the Company for achieving the growth with substantial improvement in profitability include (a) significant improvements in claims handling and management processes particularly in the motor own damage section (b) customer centric initiatives in mobile and information technology to further strengthen policyholder servicing (c) launch of several initiatives to improve the renewal ratios (d) attaining turnarounds in several branches (e) launch of sales transformation initiatives on a pilot basis where the results have been encouraging and (f) continued focus on control of operating expenditure.

All these resulted in substantial improvements in productivity of staff and locations.

During the year, the Company has been awarded the best insurance company for "overall performance" in RSBY for FY 2011-12 by the Government of India. The Company has been recognised for the third consecutive year for its excellent work in this scheme.

Personal Lines

During the year, the Company continued to leverage the "bancassurance-financier-manufacturer" tie-ups to grow its retail business.



The Company further continues to strengthen its proprietary channels - agents, cross-selling teams etc. The Company partners with the respective state governments in their insurance scheme under Rashtriya Swasthya Bhima Yojana scheme in the states of Bihar, Gujarat, Jharkand, West Bengal and Maharashtra.

The Company operates out of 101 offices. With an eye on profitability, the business sourcing was also optimised across geographies in line with the risk-return matrix.

During the year, the Company also partnered with rural BPOs thereby assisting in generating rural employment opportunities.

The GWP in personal lines viz., motor, travel and health grew to ₹ 11,765 million (previous year ₹ 9,091 million).

Commercial Lines

Considering the intense competition and heavy discounting of premium, the Company continued its cautious stance in the underwriting of fire and engineering risks. The underwriting and pricing norms remained tightened for acceptance of group health accounts.

The Company continues to leverage on the strengths of Cholamandalam MS Risk Services Limited which has considerable capabilities in the areas of process safety, construction safety, fire investigations, transportation risk analysis etc.

The Company continues its preferred position amongst the Japanese & Korean customers.

Underwriting

The pricing in the market continues to go through a difficult phase. The Company in order to ensure a profitable growth is continuing to concentrate on proper risk selection. During the year, the Company has pruned its underwriting approach by bringing in the concept of preferred, referral and declined segment in each line of business. Based on the review of claims, suitable changes to the underwriting approach are being effected. By undertaking portfolio review process continuously for each line of business, the Company strives to achieve significant quality improvement in its underwriting practice to ensure proper underwriting controls and effecting periodic and timely price corrections.

Claims

During the year under review, the claims management function continued its focus on customer centricity, process improvements and containing the claims ratios. Over 2,80,000 claims were settled during the year.

More specifically, the focus areas during the year were (a) the turnaround time of claims settlements across the lines of business had improved significantly with the reduction in outstanding claims (b) various initiatives undertaken yielded results in terms of improved salvage realisation in commercial claims and significant reduction in motor own damage (OD) claims (c) NEFT settlements in claims helped improve policyholder satisfaction.

The Company has obtained ISO certification 9001:2008 for health claim processing and re-certification of the ISO certificate 9001:2008 in motor OD.

The Company will continue to focus on customer servicing aspects of improving the turnaround time in claim settlements, improving theft recoveries in motor, automation of work processes to offer expeditious services to policyholders.

Reinsurance

The Company had formulated its reinsurance program in line with the guidelines laid down by the Regulatory Authority. GIC Re, as the lead reinsurer is supported by several other global reinsurers. The reinsurance arrangement helps the Company to utilise its capital efficiently besides ensuring that the Company's Balance Sheet is not significantly impacted due to any single large loss or a loss affecting number of risks due to a single catastrophic event.

During the year, the reinsurance market was stable as compared to the previous year and there were no major catastrophic event which had adverse impact on the reinsurance market. The losses arising on account of the super storm "Sandy" in America had affected only those reinsurers who had exposure to North America. In spite of the absence of large catastrophic losses, GIC, the Indian market reinsurer is continuing their tight approach on the terms of reinsurance to improve profitability.

For the FY 2013-14, the obligatory cession to reinsurer has reduced from 10% to 5%.

Investments

The Company's investment portfolio grew to ₹17,242 million as at March 31, 2013 (₹ 12,573 million as at March 31, 2012). The prudent investment management policy with its emphasis on the objectives of safety, liquidity and optimizing yield aided by the interest rate environment helped in growing the investment income and in securing a gross yield of 9% (previous year 8.5%) - the highest in the last several years. The investment portfolio duration was at 3 years with adequate liquidity.





The recent amendment to Investment Regulations announced by IRDA augurs well by way of enhanced flexibility in managing the investment operations.

Human Resources

Employee engagement including talent management and training continued to be the focus area in Human Resources.

The employee engagement activities like festivity celebrations, sports activities, health camps, rewards and recognition programmes continued during the year. A HR Help desk has been created for addressing the grievances/ queries of the employees.

Greater thrust on training - functional as well as behavioral was given during the year under review. This included both training by external faculty as well as in house knowledge management programmes such as Bodhi, E-Guru etc.

The internal job posting mechanism provides opportunity for growth, enhances people capability and mitigates risk of attrition.

Further, during the year the Company witnessed changes in the senior management team in particular in the Sales and Marketing / HR division and the transition resulting there from did not impact the operations of the Company.

The overall staff strength of the Company as at March 31, 2013 was 689.

Information Technology

During the year, in line with its focus on customer centricity, the Company had undertaken various IT initiatives and in particular mobile technology based initiatives to service our customers/ partners innovatively and expeditiously.

The e-commerce initiatives comprised web based selling of health, home and personal accident products besides the motor products. In terms of mobile technology, the m-proposals for all motor products, IVRS enabled motor renewals, mobile renewal integrated with payment gateway had been successfully implemented.

In order to reduce the turnaround time in servicing our partners, the business processes in commercial business and motor business had been automated.

The critical technology enablements in "Customer Relationship Management" in terms of customer and renewal lead management, partner recruitment, training and performance management and automated renewal reminder calling has been put in place. The

e-commerce and mobile initiatives is planned to be gradually extended to the other businesses of the Company.

During the year, the Company received the Innovation Leader Award for the year 2012. The Indian Insurance Award by Fintelekt has been conceptualised to honour performance, growth, product and market innovation, customer service and technology.

Support from MSI

Mitsui Sumitomo Insurance Company Limited (MSI) Japan, the joint venture partner continues to provide support especially in areas of reinsurance, business development with Japanese and Korean clients in India, claims processes and training.

Networth and Solvency

In order to augment its solvency position and in accordance with the business plan for the year, the Company had a capital infusion of ₹ 500.55 million by way of rights issue made to the existing shareholders in June 2012. The paid-up capital as at March 31, 2013 is at ₹ 2,919 million and the networth as at that date is ₹ 4,359 million.

In line with IRDA Order dated March 22, 2012, the Company absorbed the second tranche of losses pertaining to the dismantled motor pool leaving the last tranche of ₹549 million to be absorbed in the FY 2013-14.

In line with the above said Order, the Company's solvency ratio as at March 31, 2013 is 1.42 times (after forbearance on account of outstanding premium from Central / State governments upto six months) as against the mandated threshold of 1.40 times.

Dividend

Though the Company has reported net profits of ₹ 602 million, the Board does not recommend any dividend this financial year, considering the need for capital to support the planned business growth of the next financial year.

Transfer to Reserves

The Company has created a Reserve for Unexpired Risks for the health line of business based on the 1/365 method availing the option provided in terms of IRDA circular no. IRDA/ F&I/CIR/ F&A/015/02/2011 dated February 2, 2011. The difference between the reserve on the basis of 1/365 method and the Unexpired risk reserve as would have been created pursuant to section 64V(1)(ii)(b) of the Insurance Act, 1938 is required to be transferred to the Contingency Reserve. This amount



will have to be transferred to the General Reserve in the next financial year. Accordingly, for the year ended March 31, 2013, the Company has transferred a sum of ₹252 million to Contingency Reserve for unexpired risk and a sum of ₹95 million to the General reserve.

Outlook for FY 2013-14

The industry growth in FY 2013-14 is expected to be around 15% and cross ₹725 billion. While the slowdown in the economy, especially in the auto sector is a dampener, the industry is expected to grow strongly in the health line of business.

The revision in motor third party premium pricing announced effective April 1, 2013 and the reduction in the obligatory cession to 5% are laudable steps by the Regulator. Other positive announcements of intent by the Government in focusing on deepening the penetration in the industry should help in sustaining the growth momentum and result in improved operating results.

The entry of new players, proposal to permit banks to operate as brokers, new health insurance regulations etc., are likely to alter the market dynamics and pose a fresh set of challenges.

The Company is planning a rationalised 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 mandatory and non-mandatory norms as per IRDA circular no. IRDA/F&A/CIR/025/2009-10 dated August 5, 2009 and the corporate governance voluntary guidelines, 2009 issued by the Ministry of Corporate Affairs (MCA), is attached hereto and forms part of the directors' report.

Audit Committee

As required under Section 292A of the Companies Act, 1956, the Audit Committee comprises four non-executive directors. Mr. S B Mathur, Mr. R Beri, Mr. N Srinivasan and Mr. Katsuhiko Kaneyoshi are the members of the Committee. Effective April 29, 2013, Mr. S B Mathur took over as the Chairman of the Committee from Mr. R Beri in view of the requirement that the Chairman of the Audit Committee should be a Chartered Accountant as mandated in the IRDA (Investment) (Fifth Amendment) Regulations, 2013. The role of the Committee is detailed in the corporate

governance report attached hereto and forming part of this report.

Directors

During the year, Mr. R Srinivasan, Independent Director stepped down from the Board effective close of the Board meeting on November 1, 2012 consequent to his retirement from the Board of Tube Investments of India Ltd, holding company of the Company.

Further, following the withdrawal of his nomination by MSI, Japan, Mr. Hisatoshi Saito resigned from the Board effective the close of the Board meeting on March 25, 2013. The Board places on record its appreciation for the services rendered by Mr. Srinivasan and Mr. Saito during their tenure of office as directors of the Company.

Effective March 25, 2013, consequent to the withdrawal of his nomination as a promoter director by Tube Investments of India Limited, Mr. S B Mathur is an Independent Director on the Board of the Company.

Mr. Pradeep V Bhide was appointed as additional director, effective April 30, 2013. The Company has received notice from a member under the provisions of Section 257 of the Companies Act, 1956 along with the necessary deposit, proposing his appointment as director of the Company. The Board of directors recommend his appointment to the General Body.

Mr. Katsuhiko Kaneyoshi and Mr. R Beri, directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board of directors recommend their re-appointment to the General Body.

Public Deposits

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

Auditors

M/s. Brahmayya & Co, Chartered Accountants, Chennai and M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai retire at the ensuing Annual General meeting and are eligible for re-appointment.

Your directors recommend the re-appointment of the joint auditors to the General Body.

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

Particulars required to be furnished in this report under Section 217(1)(e) of the Companies Act, 1956, 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 ₹ 1,834 million and ₹ 3,170 million respectively.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the directors accept the responsibility for the integrity and objectivity of the Profit & Loss Account for the year ended March 31, 2013 and the Balance Sheet as at that date ("financial statements") and confirm that:

- in the preparation of the Profit & Loss account for the financial year ended March 31, 2013 and the Balance Sheet as at that date ("financial statements"), 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 excepting the absorption of the losses from Declined Pool fully in the financial year in view of the clean-cut arrangement of the Pool (more specifically dealt with in Note 5 of Schedule 16) 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 8 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 profit of the Company for that period.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, 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 recognised 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.

Particulars of Employees

Information under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is appended.

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 to this report forms part of the financial statements.

Acknowledgement

The directors wish to thank the Insurance Regulatory Development Authority 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.

The directors also thank the employees of the Company for their contribution to the Company's operations during the year under review.

For and on behalf of the Board

April 30, 2013
Chennai

S B Mathur
Chairman

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 activities and processes. The Company has always believed in and practiced various elements of corporate governance since its inception.

The Board recognizes 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 operation 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 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 and T3 - Trust, Transparency & Technology

being its motto, the Company strives to keep up with highest standards of corporate governance and this is reflected in the vision of the Company - “to be preferred choice for our clients, business partners and employees through core values of trust and transparency aided by technology”. Stepping into its 11th year of operations in FY 2013-14, the Company reinforces its commitment to corporate governance principles.

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 towards better 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.

The Company has in place an appropriate risk management system covering the various risks that the Company is exposed to, which are discussed and reviewed by the Risk Management Committee of the Company on a quarterly basis. The Company has established a business continuity management framework for mitigating business disruption risks. The asset liability management is done by the Asset Liability Management (ALM) committee within the Board approved ALM policy drawn in line with the IRDA requirements and reviewed by the Risk Management Committee of the Board on a quarterly basis. Further, the outsourcing arrangements of the Company are governed by the Board approved outsourcing policy. With IRDA mandating insurance companies to establish a framework for monitoring frauds, the Company is in the process of establishing a prudent fraud risk management framework.

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. Further the Company has also put in place a “Whistle Blower Policy” for reporting any concerns or grievances by employees/customers/ intermediaries and others dealing with the Company. During the year, the Company had formulated a “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 had also released 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. This document reflects the values and beliefs of the Company and provides the framework for ethical dealing with various stakeholders.

The Company, in its commitment to dignified behavior at the workplace and based on its principle of equality without discrimination to any gender, has adopted a sexual harassment policy drawn up broadly on the guidelines laid down by the Honorable Supreme Court of India in Vishaka Vs State of Rajasthan to address harassment issues, if any.

BOARD COMPOSITION AND CHANGES DURING THE YEAR

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. At the time of induction of a director on the Board of the Company, a directors’ handbook comprising the compendium of the role, powers and duties of a director is given to the new director.

The Board of 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), Tokyo comprises representatives of MG and MSI as per the terms of the Shareholders Agreement dated February 6, 2003 entered into between them besides the independent directors as mandated by IRDA. The Board comprises 7 directors comprising 2 MG non-executive directors, 1 MSI non-executive director, 2 independent directors, a Managing Director who is a

MG Director and a Wholetime Director who is a MSI director.

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

During the year, Mr. R Srinivasan, Independent Director and Chairman of the Audit Committee stepped down from the Board effective close of the Board meeting held on November 1, 2012 consequent to his retirement from the Board of Tube Investments of India Ltd (TII), the holding company.

Consequent to the revision in the management rights of MSI following the 10th anniversary of the shareholders agreement entered between MG and MSI, Mr. Hisatoshi Saito stepped down from the Board at the close of the Board meeting held on March 25, 2013. Further, Mr. S S Gopalarathnam, Managing Director who was a joint nominee of MG and MSI became a MG Director.

During the year, TII also withdrew its nomination of Mr. S B Mathur as a MG Director. By virtue of withdrawal of this nomination, Mr. Mathur who meets the independent criteria laid down in clause 49 of the listing agreement with stock exchanges as prescribed by IRDA continues on the Board as Independent Chairman.

Further, since the close of the FY 2012-13 Mr. A Vellayan stepped down from the Board w.e.f. April 13, 2013.

Consequent to the above changes in the constitution of the Board, the Committees of the Board were reconstituted with all other terms of reference remaining unaltered.

Mr. S S Gopalarathnam, Managing Director whose tenor of office of 5 years expired on March 31, 2013 has been re-appointed by the Board for a further period till May 23, 2017 subject to approval of the shareholders and IRDA. The shareholders at the extra ordinary general meeting held on January 25, 2013 and IRDA, has since then approved the re-appointment of Managing Director. Further, Mr. Tsuyoshi Yamane, Wholetime Director of the Company whose tenor of office expired on March 31, 2013 has been re-appointed for a further period of one year from April 1, 2013 by the Board with the approval of IRDA. The re-appointment is subject to approval of the General Body.

As recommended by the voluntary guidelines of the MCA on corporate governance, 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. An annual certificate of independence is obtained from the independent directors in accordance with the corporate governance guidelines issued



by MCA. 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 details of directors as at March 31, 2013 including the details of their other Board directorships is provided below:

Name of the Director	Nature of Directorship	No of Directorship excluding Chola MS*
Mr. S B Mathur	Non-Executive/Independent	11
Mr. R Beri	Non-Executive/Independent	-
Mr. A Vellayan	Non-Executive/MG nominee	7
Mr. N Srinivasan	Non-executive/MG nominee	5
Mr. Katsuhiko Kaneyoshi	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, section 25 companies, foreign companies and alternate directorships.

BOARD MEETINGS

The Board of directors meet at regular intervals with an annual calendar and a formal schedule of matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, operational, financial and compliance matters. 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 on a quarterly basis also reviews the important regulatory changes and correspondence between two meetings.

The dates of the Board meetings are fixed in advance for the full calendar year to enable maximum attendance from directors. During the year ended March 31, 2013, 5 meetings of the Board of directors were held i.e. April 28, 2012, July 28, 2012, November 1, 2012, January 25, 2013 and March 25, 2013.

COMMITTEES OF THE BOARD

Various Committees have been constituted to support the Board in discharging its responsibilities in accordance with the requirements prescribed by IRDA as well as the voluntary guidelines prescribed by MCA on corporate governance.

The following are the seven committees constituted by the Board:

S.No.	Mandatory
1	Audit Committee
2	Investment Committee
3	Risk Management Committee
4	Policyholders' Protection Committee
	Non-Mandatory
5	Business Committee
6	Compensation & Nomination Committee
7	Management Committee

The Board at the time of constitution of each Committee defines the terms of reference for the Committee and also delegates 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. Besides, the members of the Committees, senior management team also attend the meetings of the Committees as and when necessary.

Audit Committee:

Terms of reference:

The primary role of the Audit Committee is overseeing the financial reporting process and disclosure of financial information, reviewing the financial statements before submission to the Board, reviewing the adequacy of internal control systems and reviewing the findings of the internal audits/ incident reporting/ related party transactions etc., besides recommending the appointment/ removal of statutory auditors, approving the appointment of internal auditors/ concurrent auditors and fixing their remuneration. The role of the Committee also includes approving the internal audit plan, reviewing the scope of internal audit procedures and compliance with applicable laws besides approval of non audit services, if any provided by the external auditors. The Committee holds discussions with the internal auditors and statutory auditors periodically.

Composition & meetings:

The Committee comprises four non-executive directors with the Chairman of the Committee being an independent director. During the year, the Committee had been re-constituted consequent to the stepping down of Mr. R Srinivasan from the Board. Mr. R Beri was inducted into the Committee on January 11, 2013 and has been the Chairman of the Committee. Further, Mr. N Srinivasan was inducted into the Committee on March 25, 2013. The Committee currently comprises Mr. R Beri, Mr. S B Mathur, Mr. N Srinivasan and Mr. Katsuhiko Kaneyoshi.



The IRDA (Investment) (5th Amendment) Regulations, 2013 gazetted on February 16, 2013 mandates the Chairman of the Audit Committee to be a Chartered Accountant. Accordingly, the Committee at its meeting held on April 29, 2013 has elected Mr. S B Mathur, Independent director and a Chartered Accountant as its Chairman. All members of the Committee have knowledge of financial management, audit and accounts. During the year, an Audit Committee handbook had been developed and provided to the members of the Committee. Every new incumbent to the Committee is provided a copy of this handbook which consolidates the regulatory requirements and guidelines laid down for Audit Committees, its role and responsibilities as well as the best practices followed by Indian and Global companies.

The statutory auditors and internal auditors are invited for the meetings of the Audit Committee. Further, as a good corporate governance practice, the Audit Committee has in place a system of holding separate discussions with the statutory and internal auditors without the presence of the management team. The Committee had 7 scheduled meetings during the year ended March 31, 2013, 2 meetings for reviewing the financial statements, 2 meetings for considering internal audit reports, 2 meetings for reviewing the financial statements as well as internal audit reports and 1 meeting for considering the internal audit plan for the FY 2013-14.

Investment Committee:

Terms of reference:

The Committee reviews and recommends to the Board, the investment policy of the Company on a half yearly basis besides reviewing the investment operations of the Company on a quarterly basis in addition to approving investments as per the Investment policy of the Company.

Composition & Meetings:

The Committee comprises six members including the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Investment Officer (CIO). Mr. N Srinivasan is the Chairman of the Committee and Mr. S B Mathur, Mr. Tsuyoshi Yamane, Mr. S S Gopalarathnam, Mr. V Suryanarayanan, CFO and Mr. N V Murali, CIO are the members. During the year, Mr. A Vellayan and Mr. Katsuhiko Kaneyoshi ceased to be members of this Committee. The Appointed Actuary on consulting basis is invited for all meetings of the Committee. The Committee met 5 times during the year ended March 31, 2013. During the year, Mr A Vellayan ceased to be member of this Committee.

Risk Management Committee:

Terms of reference:

The Committee assists 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 besides reviewing the framework for identification, measurement, monitoring and controlling of risks and recommending risk management decisions to the Board. The Committee in line with its terms of reference reviews periodically the progress in enterprise risk management, risk appetite and tolerance limits, status of implementation of the Information Security and Policy Procedures and asset liability management.

Composition & Meetings:

The Committee comprises five members viz., Mr. S B Mathur, Mr. R Beri, Mr. N Srinivasan, Mr. Katsuhiko Kaneyoshi and Mr. S S Gopalarathnam. Following his stepping down from the Board on November 1, 2012, Mr. R Srinivasan ceased to be a member of this Committee. Mr. N Srinivasan was inducted as a member of this Committee by the Board on March 25, 2013. Mr. S B Mathur is the Chairman of the Committee. The Committee met 4 times during the year ended March 31, 2013.

Policyholders' Protection Committee:

Terms of reference:

The Committee reviews the grievance redressal mechanism of the Company as well as the status of grievances and customer service related matters on a quarterly basis in accordance with the guidelines issued by IRDA from time to time.

Composition & Meetings:

The Committee comprises four members viz., Mr. R Beri, Mr. N Srinivasan, Mr. Tsuyoshi Yamane and Mr. S S Gopalarathnam. Mr. R Beri is the Chairman of the Committee. During the year ended March 31, 2013, the Committee met 4 times.

Business Committee:

Terms of reference:

The Committee's role interalia 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 and review of status of major claims besides recommending to the Board the annual reinsurance programme.

Composition & Meetings:

The Committee comprises four members viz., Mr. N Srinivasan, Chairman, Mr. R Beri, Mr. Tsuyoshi



Yamane and Mr. S S Gopalarathnam. During the year ended March 31, 2013, the Committee met 4 times.

Management Committee:

Terms of reference:

The Committee reviews the items on the Board agenda before every meeting of the Board and its role inter alia includes implementation of the guidelines issued by the Board for Company's operations, considering the annual business plan, appointment/ changes in senior management etc.

Composition & Meetings:

The Committee comprises four members viz., Mr. S B Mathur - Chairman, Mr. N Srinivasan, Mr. Katsuhiko Kaneyoshi and Mr. S S Gopalarathnam. During the year ended March 31, 2013, the Committee met 5 times. Mr. A Vellayan and Mr. Tsuyoshi Yamane ceased to be members of this Committee during the year.

Compensation and Nomination Committee:

Terms of reference:

The role of the Committee includes, determining the Company's policy on specific remuneration package for executive directors including pension rights and any compensation and remuneration package, including periodic increments in the salary of the executive directors. The Committee is also empowered to determine the annual commission/ incentives of executive directors. The Committee further considers and recommends nominees for Board positions. Decisions for selecting a director is based on the merit, qualification, competency and the Company's business needs. Such candidates shall be free of conflict of interest that would interfere with their ability to discharge their duties. The recommendations of the Committee are placed before the Board for its approval. In accordance with the voluntary corporate governance guidelines laid down by MCA, the Committee reviews the performance of the senior management on an annual basis.

Composition & Meetings:

The Committee comprises four members viz., Mr. R Beri, Mr. S B Mathur, Mr. N Srinivasan and Mr. Katsuhiko Kaneyoshi. Mr. R Beri is the Chairman of the Committee. During the year, Mr. R Srinivasan ceased to be a member of this Committee. Mr. N Srinivasan was inducted into the Committee on March 25, 2013. The Committee met 3 times during the year ended March 31, 2013.

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. The executive directors are not paid sittings fees for any Board/ Committee meetings attended by them.

The non-executive directors are remunerated 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 is restricted to a fixed sum of ₹3 lacs per annum for all the non-executive directors subject to 1% of net profits of the Company. This 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 directors 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 ₹ 6 lacs which is twice the commission the other members of the Board are entitled to.

The remuneration paid to the directors during the financial year ended March 31, 2013 is provided below:

(₹ in million)

Name of the Director	Sitting fees paid	Commission*
Mr.S B Mathur	0.280	0.600
Mr. A Vellayan	0.030	0.300
Mr. R Srinivasan#	0.140	0.177
Mr. R Beri	0.245	0.300
Mr. N Srinivasan	0.195	0.300
Mr. Katsuhiko Kaneyoshi **	0.225	0.300
Mr. Hisatoshi Saito **#	0.075	0.295

* The Commission will be paid to the Non-Executive directors after the adoption of annual accounts by the shareholders at the ensuing annual general meeting of the Company.

** The remuneration by way of sitting fees/ commission to the directors representing MSI, is paid to MSI, Japan.

Mr. R Srinivasan and Mr. Hisatoshi Saito resigned on November 1, 2012 and March 25, 2013 respectively.



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 in accordance with the terms of appointment approved by the Board of Directors, the shareholders and IRDA is provided in notes 14 and 25 of Schedule 16 to the financial statements.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The attendance of the Directors at the meetings of the Board/ Committees thereof is provided below:

Name of the member and status of directorship held	Board	Audit Committee	Investment Committee	Compensation and Nomination Committee	Business Committee	Management Committee	Policyholders' Protection Committee	Risk Management Committee
	(No of meetings held)							
Mr. S B Mathur - NED@	5(5)	6(7)	3(4)	2(3)	NA	5(5)	NA	3(4)
Mr. A Vellayan - NED#	2(5)	NA	0(1)	NA	NA	0(1)	NA	NA
Mr. R Srinivasan - NED/ IND*	2(3)	4(4)	NA	2(2)	NA	NA	NA	2(2)
Mr. R Beri - NED/ IND **	4(5)	3(3)	NA	1(1)	4(4)	NA	3(4)	4(4)
Mr. N Srinivasan - NED^	5(5)	NA	5(5)	NA	4(4)	4(4)	4(4)	NA
Mr. Katsuhiko Kaneyoshi - NED	4(5)	5(7)	4(5)	2(3)	NA	4(5)	NA	2(4)
Mr. Hisatoshi Saito - NED	5(5)	NA	NA	NA	NA	NA	NA	NA
Mr. S S Gopalarathnam - MD	5(5)	NA	5(5)	NA	4(4)	5(5)	4(4)	4(4)
Mr. Tsuyoshi Yamane - WTD	5(5)	NA	5(5)	NA	4(4)	5(5)	4(4)	NA

WTD & MD attend the meetings of the Committees in which they are not members as invitees.

CFO/CIO attended all meetings of the Investment Committee held during the year.

MD – Managing director

WTD – Wholetime director

NED – Non Executive director

IND – Independent director

(No. of meetings held represents no. of meetings held after becoming a member of the Committee)

* Mr. R Srinivasan resigned from Board w.e.f. close of Board meeting held on November 1, 2012.

**Mr. R Beri was inducted into Audit Committee and Compensation & Nomination Committee w.e.f. January 11, 2013.

@ Mr. S B Mathur was inducted into Investment Committee w.e.f. April 28, 2012.

Mr. A Vellayan resigned from Investment Committee & Management Committee w.e.f. from April 28, 2012.

^ Mr. N Srinivasan was inducted into Management Committee w.e.f. April 28, 2012.

DISCLOSURE UNDER CORPORATE GOVERNANCE GUIDELINES OF IRDA

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, 2013, there was no additional work entrusted to the auditors or their associates.

In terms of the disclosure requirements on claims prescribed in clause 9 of the corporate governance guidelines, the details are furnished below for the financial year 2012-13:

S. no	Particulars	No. of claims	Ageing of pending claims	No. of claims
1.	Claims pending at the beginning of the year	55,403	Less than 3 months	29,938
2.	Claims intimated during the year	86,079	3 months to 6 months	4,313
3.	Claims disposed during the year	89,977	6 months to 1 year	4,888
4.	Claims pending at the end of the year	51,505	1 year and above	12,366



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
EGM	January 25, 2013	- approval for making donations in excess of limits prescribed under Section 293(1)(e) of the Companies Act, 1956
		- approval for re-appointment of Managing Director
11 th AGM	July 28, 2012	- approval of audited accounts for FY 2011-12
		- re-appointment of Mr. N Srinivasan, Mr. Tsuyoshi Yamane & Mr. Hisatoshi Saito as directors
		- re-appointment of statutory auditors and approval of remuneration
		- re-appointment of Mr. Tsuyoshi Yamane as Wholetime Director for a further period of 1 year
		- approval for increase in authorised share capital from ₹304 crores to ₹324 crores and consequential amendments to the MOA/AOA of the Company
10 th AGM	July 30, 2011	- approval of audited accounts for FY 2010-11
		- re-appointment of Mr. R Srinivasan, Mr. A Vellayan & Mr. Katsuhiko Kaneyoshi as directors
		- appointment of statutory auditors and fixing their remuneration
		- appointment of Mr. S B Mathur & Mr. R Beri as directors
EGM	October 26, 2010	- approval for amendment to Article 113(5) of the Articles of Association pertaining to non-executive directors' remuneration
9 th AGM	July 23, 2010	- approval of audited accounts for FY 2009-10
		- re-appointment of Mr. N Srinivasan & Mr. A Vellayan as directors
		- re-appointment of statutory auditors and fixing their remuneration
		- appointment of Mr. Tsuyoshi Yamane as WTD
		- appointment of Mr. Hisatoshi Saito & Mr. Katsuhiko Kaneyoshi as directors
		- approval of NED commission upto ₹ 24 lacs

MEANS OF COMMUNICATION

As mandated by IRDA, the Company published its half yearly financial statements as at March 31, 2012 and September 30, 2012 in Business Standard and Makkal Kural within the mandated timeline in May 2012 and November 2012 respectively.



SECRETARIAL AUDIT

The Company is in the practice of conducting periodical secretarial audit by an independent practicing company secretary. In respect of the year ended March 31, 2013, M/s R Sridharan & Associates, practicing company secretary has conducted the secretarial audit and the report has been reviewed by the Board.

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.

The Ministry of Corporate Affairs had issued "Corporate Governance Voluntary Guidelines" in December 2009. While these guidelines provide corporate India a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business, the Company has adopted most of the guidelines as detailed in the earlier paragraphs. The Company will examine the possibilities of adopting the remaining guidelines in an appropriate manner.

For and on behalf of the Board

April 30, 2013
Chennai

S B Mathur
Chairman

CERTIFICATION FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES FOR FY 2012-13

In accordance with the provisions of Corporate Governance Guidelines issued by Insurance Regulatory and Development Authority (IRDA), I, Rekha Surendhiran, 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.

Rekha Surendhiran
Company Secretary

Management Report



Registration No: **123**

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

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

1. We confirm that the registration certificate granted by the Insurance Regulatory and Development Authority to transact general insurance business is valid and the same has been renewed for the year 2013-2014.
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, 2013.
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 IRDA/NL/ORD/MPL/046/03/2011 dated March 12, 2011 and IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012 have been maintained during the year ended March 31, 2013.
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, 2013, 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", "Investments", "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, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009 is detailed in Annexure 1.
10. As at March 31, 2013, 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 marginal 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 :
- 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, the Companies Act, 1956 and disclosures have been made, wherever the same is required. With the exception of the deferred absorption of the differential provisioning with respect to IMTPIP further to IRDA Order, more specifically detailed in Note 4 of Schedule 16 to the financial statements, there is no other material departure from the accounting standards and generally accepted accounting principles.
 - The Company has adopted accounting policies and applied them consistently (including those specifically required by various IRDA regulations) and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as of March 31, 2013, and of the profit for the year ended March 31, 2013.
 - 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, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
 - The financial statements of the Company have been prepared on a going concern basis.
 - The Company has an internal audit system commensurate with the size and nature of the business. The management certifies that adequate internal control systems and procedures were in existence for this financial year.
13. During the year under report,
- The Company has 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.
 - The Company has realisable Outstanding Premium from Central & State Governments under Rashtriya Swasthya Bima Yojana 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 a relaxation of norms for such dues from the Government.
14. Payments made to individuals, firms, companies and organisations, other than related parties, in which directors are interested in terms of Section 299 of the Companies Act, 1956 are included in Annexure 2. Transactions with related parties in terms of Accounting Standard 18 are included in Note 14 of Schedule 16 to the financial statements.
- For and on behalf of the Board of Directors
- | | |
|---|--|
| S B Mathur
Chairman | S S Gopalarathnam
Managing Director |
| N Srinivasan
Director | Tsuyoshi Yamane
Wholetime Director |
| Rekha Surendhiran
Company Secretary | V Suryanarayanan
Chief Financial Officer |
- April 30, 2013
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										
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
2009-10	-	274	284	29	4,578	360	2,049	84,466	225	39,545
2008-09	-	94	115	31	3,814	279	855	56,357	258	36,447
30 days to 6 months										
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
2009-10	-	346	268	128	4,023	738	3,415	11,518	742	23,592
2008-09	-	371	266	119	4,016	782	1,302	14,089	551	12,826
6 months to 1 year										
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
2009-10	-	172	167	98	708	223	696	-	118	1,372
2008-09	-	167	114	99	966	340	245	-	112	697
1 year to 5 years										
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
2009-10	-	126	114	73	189	59	68	-	45	1,119
2008-09	-	94	96	69	1,203	56	41	-	88	2
5 years and above										
2012-13	-	-	2	1	-	-	1	-	-	152
2011-12	-	-	-	-	-	-	1	-	-	91
2010-11	-	-	-	-	-	-	-	-	-	153
2009-10	-	-	-	-	-	1	-	-	-	38
2008-09	-	-	-	-	-	-	-	-	-	2

(₹ in lakhs)

Period	Claims Amount paid to Insured									
	Aviation	Engg	Fire	Liability	Marine	Misc	Accident	Health	Travel	Motor
30 days										
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
2009-10	-	138	97	33	407	27	366	12,775	72	4,964
2008-09	-	18	57	20	476	24	183	10,893	145	457
30 days to 6 months										
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
2009-10	-	491	1,174	99	1,824	241	1,286	2,254	366	8,304
2008-09	-	480	2,490	60	1,727	236	669	2,723	160	5,059
6 months to 1 year										
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
2009-10	-	599	841	45	308	153	168	-	246	2,119
2008-09	-	177	4,662	50	712	475	140	-	79	940
1 year to 5 years										
2012-13	-	349	897	67	388	45	194	-	12	9,389
2011-12	-	285	1,155	53	354	35	171	-	39	5,828
2010-11	-	760	955	18	150	223	136	-	31	3,590
2009-10	-	214	1,438	125	251	214	20	-	63	2,143
2008-09	-	108	500	17	250	45	17	-	84	950
5 years and above										
2012-13	-	-	2	4	-	-	1	-	-	301
2011-12	-	-	-	-	-	-	-	-	-	129
2010-11	-	-	-	-	-	-	-	-	-	114
2009-10	-	-	-	-	-	3	-	-	-	68
2008-09	-	-	-	-	-	-	-	-	-	2

Annexure -2

Payments made to entities other than related parties, in which directors are interested in terms of section 299 of the Companies Act, 1956.

Name of the Company	₹ In lakhs
E I D Parry (India) Ltd	176.9
Coromandel International Ltd	14.7
ITC Limited	66.2



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

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, 2013, 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 sub-sections (1), (2) and (5) of Section 211 and sub-section (5) of Section 227 of the Companies Act, 1956 ("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 VI 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. Management is responsible for 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 referred to in sub-section (3C) of Section 211, provisions of sub sections (1), (2) and (5) of Section 211 and sub section (5) of Section 227 of the Companies Act, provisions of Section 11 of the Insurance Act read with the IRDA Regulations/Guidelines/Circulars/Orders. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

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 the Regulations and the provisions of sub-sections (1), (2) and (5) of Section 211 and sub-section (5) of Section 227 of the Act and 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, 2013;



- 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.

Emphasis of Matter

6. Without qualifying our opinion, we draw attention to Note 4 of Schedule 16 to the financial statements, which describes deferment of the liability on dismantling of Indian Motor Third Party Insurance Pool by the Company to the extent of ₹549,000 thousands pursuant to the exercise of the option for the accounting treatment for the same prescribed under paragraph 3(b) of Insurance Regulatory and Development Authority Order no. IRDA/F&A/ORD/MTTPP/070/03/2012 dated March 22, 2012.

Report on Other Legal and Regulatory Requirements

7. We report that:
- a) We have 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) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Receipts and Payments Statement comply with the Accounting Standards referred to in sub-Section (3C) of Section 211 of the Companies Act, 1956 read together with IRDA Regulations/Circulars/Orders.
 - e) 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.

- f) Investments of the Company have been valued in accordance with the Provisions of the Insurance Act and the Regulations.
 - g) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
8. Further, according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:
- i. We have reviewed the Management Report attached to the financial statements for the financial year ended March 31, 2013 and there is no apparent mistake or material inconsistency therein with the financial statements.
 - ii. The Company has complied with the terms and conditions of registration stipulated by IRDA vide their letter dated July 15, 2002.
 - iii. We have verified the cash balances at the corporate office of the Company and investments of the Company.
 - iv. The Company is not a trustee of any trust.
 - v. No part of the assets of the policyholders' funds have been directly or indirectly applied in contravention of the provisions of the Insurance Act relating to application and investment of policyholders' funds.
 - vi. 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

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

S Usha
Partner
Membership No: 211785

P Babu
Partner
Membership No: 203358

Place : Chennai
Date : April 30, 2013

Balance Sheet

as at March 31, 2013



FORM B-BS

Registration No.123

Date of Registration with the IRDA July 15, 2002

Particulars	Schedule	(₹ '000)	
		As at March 31, 2013	As at March 31, 2012
SOURCES OF FUNDS			
Share Capital	5	2,919,875	2,836,450
Reserves and Surplus	6	1,448,279	429,193
Fair Value Change Account		(8,752)	(8,704)
Borrowings	7	-	-
TOTAL		4,359,402	3,256,939
APPLICATION OF FUNDS			
Investments	8	17,241,725	12,572,951
Loans	9	-	-
Fixed Assets	10	495,927	359,119
Deferred Tax Asset (Refer Note 19 of Schedule16)		6,237	38,330
Current Assets			
Cash and Bank Balances	11	172,848	395,523
Advances and Other Assets	12	6,672,868	1,721,615
Sub-Total (A)		6,845,716	2,117,138
Current Liabilities	13	13,423,572	6,870,638
Provisions	14	6,806,631	4,959,961
Sub-Total (B)		20,230,203	11,830,599
Net Current Assets (C) = (A - B)		(13,384,487)	(9,713,461)
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit and Loss Account (net of reserves)		-	-
TOTAL		4,359,402	3,256,939
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

S B Mathur
Chairman

S S Gopalarathnam
Managing Director

S Usha
Partner
M. No. 211785

P Babu
Partner
M. No. 203358

N Srinivasan
Director

Tsuyoshi Yamane
Wholetime Director

Place: Chennai
Date : April 30, 2013

Rekha Surendhiran
Company Secretary

V Suryanarayanan
Chief Financial Officer



Profit & Loss Account

for the year ended March 31, 2013



FORM B-PL

Registration No.123

Date of Registration with the IRDA July 15, 2002

Particulars	Schedule	(₹ '000)	
		Year Ended March 31, 2013	Year Ended March 31, 2012
1. OPERATING PROFIT/(LOSS)			
(a) Fire Insurance		203,565	64,038
(b) Marine Insurance		48,570	16,278
(c) Miscellaneous Insurance		307,221	(179,873)
2. INCOME FROM INVESTMENTS			
(a) Interest and Dividend - Gross of TDS		329,200	251,100
(b) Profit on Sale of Investments		9,248	3,428
Less: Loss on Sale of Investments		(2,954)	(22)
3. OTHER INCOME (including income arising out of enrolment process of Aadhaar)		-	-
TOTAL (A)		894,850	154,949
4. PROVISIONS (Other than Taxation)			
(a) For Diminution in the Value of Investments		-	-
(b) For Doubtful Debts		-	-
(c) Others		-	-
5. OTHER EXPENSES			
(a) Expenses Other than those related to Insurance business		4,750	-
(b) Expenses arising out of enrolment process of Aadhaar		-	-
(c) Bad Debts Written Off		-	-
(d) Others		-	-
TOTAL (B)		4,750	-
Profit Before Tax		890,100	154,949
Provision for Taxation			
Current Tax / Minimum Alternate Tax (MAT)		257,000	17,240
MAT Entitlement Credit		-	(16,286)
Reversal of MAT Entitlement Credit		16,286	-
Provision for tax no longer required written back		(17,240)	-
Deferred Tax		32,093	(38,330)
Prior year Fringe Benefit Tax		-	1,086
Profit After Tax		601,961	191,239
APPROPRIATIONS			
(a) Interim Dividends Paid During the Year		-	-
(b) Proposed Final Dividend		-	-
(c) Dividend Distribution Tax		-	-
(d) Transfer to Contingency Reserve for Unexpired Risks (Note 6 of Schedule 16)		(252,074)	(95,493)
Balance of Profit / (Loss) Brought Forward from Last Year		-	(95,746)
Balance Carried Forward to Balance Sheet		349,887	-
Earnings Per Share - Basic & Diluted (₹) (Face value per share - ₹10)		2.08	0.69

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 Brahmayya & Co
Chartered Accountants
Firm Regn No:000511S

S B Mathur
Chairman

S S Gopalarathnam
Managing Director

S Usha
Partner
M. No. 211785

P Babu
Partner
M. No. 203358

N Srinivasan
Director

Tsuyoshi Yamane
Wholtime Director

Place: Chennai
Date : April 30, 2013

Rekha Surendhiran
Company Secretary

V Suryanarayanan
Chief Financial Officer



Revenue Account

for the year ended March 31, 2013



Form B - RA

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, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012
1. Premiums Earned (Net)	1	372,088	289,255	153,808	141,843	11,148,446	8,260,203	11,674,342	8,691,301
2. Profit / Loss on Sale / Redemption of Investments (Net)		737	515	206	201	15,167	5,605	16,110	6,321
3. Others - Administrative Charges		595	269	341	229	553	147	1,489	645
4. Interest and Dividend (Gross of TDS) (Refer Note 4(d)(ii) of Schedule 16 in respect of Miscellaneous Business)		72,604	59,162	10,770	14,785	1,268,460	650,909	1,351,834	724,856
TOTAL (A)		446,024	349,201	165,125	157,058	12,432,626	8,916,864	13,043,775	9,423,123
1. Claims Incurred (Net)	2	99,862	157,261	83,258	110,240	8,820,537	6,314,252	9,003,657	6,581,753
2. Commission	3	(902)	1,555	(35,097)	(38,888)	206,449	174,153	170,450	136,820
3. Operating expenses related to insurance business	4	143,499	126,347	68,394	69,428	3,098,419	2,608,332	3,310,312	2,804,107
4. Premium Deficiency		-	-	-	-	-	-	-	-
TOTAL (B)		242,459	285,163	116,555	140,760	12,125,405	9,096,737	12,484,419	9,522,680
Operating Profit/(Loss) (A - B)		203,565	64,038	48,570	16,278	307,221	(179,873)	559,356	(99,557)
APPROPRIATIONS									
Transfer to Shareholders' Account		203,565	64,038	48,570	16,278	307,221	(179,873)	559,356	(99,557)
Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
Transfer to Other Reserves		-	-	-	-	-	-	-	-
TOTAL (C)		203,565	64,038	48,570	16,278	307,221	(179,873)	559,356	(99,557)

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:0042075

S Usha
Partner
M. No. 211785

Place: Chennai
Date : April 30, 2013

For Brahmaya & Co
Chartered Accountants
Firm Regn No:0005115

P Babu
Partner
M. No. 203358

For and on behalf of the Board of Directors

S B Mathur
Chairman

S S Gopalarathnam
Managing Director

Tsuyoshi Yamane
Wholetime Director

N Srinivasan
Director

V Suryanarayanan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

Receipts and Payments Statement

for the year ended March 31, 2013



(₹ '000)

	Year Ended March 31, 2013	Year Ended March 31, 2012
Cash Flows from Operating Activities		
Receipts from Policyholders - Premium on Direct Business	15,980,189	13,674,769
Other Receipts	1,717,052	1,478,370
Direct Claims Paid	(7,957,583)	(6,415,761)
Receipts / (Payments) from / to Reinsurers (Net)	(1,643,902)	(2,672,902)
Receipts / (Payments) from / to Co-insurers (Net)	92,927	(76,100)
Operating Expenses Paid	(2,767,072)	(1,993,414)
Commission Payments	(604,631)	(481,088)
Deposits and Advances Given	(45,464)	(3,293)
Taxes Paid	(167,374)	(22,139)
Service Tax Paid	(1,664,289)	(1,458,026)
Net Cash Flows from Operating Activities	2,939,853	2,030,416
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(240,185)	(151,649)
Proceeds on Disposal of Fixed Assets	2,670	1,039
Purchase of Investments	(36,135,201)	(19,563,148)
Loans Disbursed	-	-
Sale of Investments	31,544,076	16,656,218
Repayments Received	-	-
Finance Lease Payments	-	(4,675)
Rents/Interest/ Dividends Received	1,168,426	859,263
Investment in Money Markets Instruments and in Liquid Mutual Funds (Net)	-	-
Expenses Related to Investments	(2,864)	(2,286)
Net Cash Flows from Investing Activities	(3,663,078)	(2,205,238)
Cash Flows from Financing Activities		
Proceeds from Issue of Share Capital	500,550	500,550
Net Cash Flows from Financing Activities	500,550	500,550
Net Increase in Cash and Cash Equivalents	(222,675)	325,728
Cash and Cash Equivalents at Beginning of the Year	395,523	69,795
Cash and Cash Equivalents at End of the Year	172,848	395,523

This is the Receipts and Payments Statement 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

S B Mathur
Chairman

S S Gopalarathnam
Managing Director

S Usha
Partner
M. No. 211785

P Babu
Partner
M. No. 203358

N Srinivasan
Director

Tsuyoshi Yamane
Wholtime Director

Place: Chennai
Date : April 30, 2013

Rekha Surendhiran
Company Secretary

V Suryanarayanan
Chief Financial Officer

Schedules forming part of the Financial statements for the year ended March 31, 2013



Schedule 1

Premium Earned (Net)

(₹ '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012
Premium from Direct Business Written	935,404	716,282	509,847	504,543	14,763,655	12,244,557	16,208,906	13,465,362
Add: Premium on Reinsurance Accepted	71,289	51,069	-	-	235,386	1,542,437	306,675	1,593,506
Less: Premium on Reinsurance Ceded	540,502	353,510	366,482	340,196	2,108,014	4,457,422	3,014,998	5,151,128
Net Premium	466,191	413,821	143,365	164,347	12,891,027	9,329,572	13,500,583	9,907,740
Adjustment for Change in Reserve for Unexpired Risks	94,103	124,566	(10,443)	22,504	1,742,581	1,069,369	1,826,241	1,216,439
Total Premium Earned (Net)	372,088	289,255	153,808	141,843	11,148,446	8,260,203	11,674,342	8,691,301

Note:

Premium Income from business effected:

In India	372,088	289,255	153,808	141,843	11,148,446	8,260,203	11,674,342	8,691,301
Outside India	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	372,088	289,255	153,808	141,843	11,148,446	8,260,203	11,674,342	8,691,301

Schedule 2

Claims Incurred (Net)

(₹ '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012
Claims Paid	123,114	174,927	104,533	84,471	6,384,765	5,916,816	6,612,412	6,176,214
Direct	369,224	416,506	557,993	336,200	7,030,366	5,744,462	7,957,583	6,497,168
Add: Reinsurance Accepted	131	88	-	-	1,677,996	1,782,071	1,678,127	1,782,159
Less: Reinsurance Ceded	246,241	241,667	453,460	251,729	2,323,597	1,609,717	3,023,298	2,103,113
Net Claims Paid	123,114	174,927	104,533	84,471	6,384,765	5,916,816	6,612,412	6,176,214
Add: Claims Outstanding at the End of the Year (including the estimates of IBNR and IBNER) (Net) *	139,618	162,870	68,879	90,154	4,016,348	1,580,576	4,224,845	1,833,600
Less: Claims Outstanding at the Beginning of the Year (including the estimates of IBNR and IBNER) (Net)	162,870	180,536	90,154	64,385	1,580,576	1,183,140	1,833,600	1,428,061
Total Claims Incurred (Net)	99,862	157,261	83,258	110,240	8,820,537	6,314,252	9,003,657	6,581,753
Note:								
Claims, less reinsurance, paid to claimants								
In India	123,114	174,927	104,533	84,471	6,384,765	5,916,816	6,612,412	6,176,214
Outside India	-	-	-	-	-	-	-	-
* Estimates of IBNR and IBNER at end of the year	12,581	19,950	15,701	20,036	2,244,603	492,514	2,272,885	532,500
* Estimates of IBNR and IBNER at beginning of the year	19,950	28,817	20,036	23,188	492,514	473,332	532,500	525,337

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, 2013



(₹ '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012
Commission Paid								
Direct	66,046	54,454	15,610	13,415	506,793	430,077	588,449	497,946
Less: Commission on Reinsurance Ceded	66,948	52,899	50,707	52,303	300,344	255,924	417,999	361,126
Net Commission	(902)	1,555	(35,097)	(38,888)	206,449	174,153	170,450	136,820
Agents	4,794	5,434	2,638	2,082	21,501	34,665	28,933	42,181
Brokers	16,716	12,506	11,349	10,759	126,395	97,077	154,460	120,342
Corporate Agency	44,536	36,514	1,623	574	358,897	298,335	405,056	335,423
Referral	-	-	-	-	-	-	-	-

Schedules forming part of the Financial statements for the year ended March 31, 2013



Schedule 4

Operating Expenses Related to Insurance Business

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012
1 Employees' Remuneration and Welfare Benefits	39,695	34,025	21,636	23,968	626,516	581,662	687,847	639,655
2 Travel, Conveyance and Vehicle Running Expenses	5,091	3,921	2,775	2,762	80,357	67,025	88,223	73,708
3 Training Expenses	437	417	238	294	6,893	7,136	7,568	7,847
4 Rent, Rates and Taxes	5,826	4,332	2,725	3,052	173,263	74,063	181,814	81,447
5 Repairs	783	548	427	386	12,359	9,366	13,569	10,300
6 Printing and Stationery	2,102	1,580	1,146	1,113	33,177	27,009	36,425	29,702
7 Communication	2,828	2,485	1,541	1,750	44,630	42,480	48,999	46,715
8 Legal and Professional Charges	7,540	2,481	4,110	1,748	119,000	42,417	130,650	46,646
9 Auditors' Fees and Expenses								
As Auditors	110	88	60	62	1,730	1,500	1,900	1,650
In any Other Capacity (Tax Audit and Certification)	51	30	28	21	811	505	890	556
Out of Pocket Expenses	3	3	2	2	55	55	60	60
10 Advertisement and Publicity	5,777	2,552	3,149	1,798	91,172	43,627	100,098	47,977
11 Bank Charges	1,102	639	600	450	17,387	10,919	19,089	12,008
12 Others								
Power and Electricity	1,774	1,378	967	971	28,001	23,554	30,742	25,903
Information Technology Expenses	5,397	4,249	2,941	2,993	85,174	72,641	93,512	79,883
Marketing Expenses	24,008	35,551	7,974	9,276	1,252,034	1,138,566	1,284,016	1,183,393
Operating Lease Charges	2,321	2,135	1,265	1,504	36,635	36,504	40,221	40,143
IRDA Registration Renewal Fees	777	515	424	363	12,265	8,802	13,466	9,680
Service Tax Expense	77	77	277	925	39,548	24,925	39,902	25,927
Outsourcing Expenses	19,519	15,211	10,639	10,714	308,073	260,026	338,231	285,951
Net Exchange (Gain) / Loss	35	11	19	8	551	192	605	211
Co-insurance Administrative Charges	69	306	38	95	1,089	520	1,196	921
Terrorism Pool - Management Expenses	8,242	6,466	-	-	1,734	1,591	9,976	8,057
IMTPIP / DR Pool - Administrative Expenses (Net)	-	-	-	-	1,562	7,649	1,562	7,649
Miscellaneous Expenses (Net) (Note below)	4,086	3,044	2,225	2,143	64,496	52,046	70,807	57,233
Depreciation	5,849	4,303	3,188	3,030	92,324	73,552	101,361	80,885
Total	143,499	126,347	68,394	69,428	3,130,836	2,608,332	3,342,729	2,804,107
Less: Write Back of Provision no longer required	-	-	-	-	(32,417)	-	(32,417)	-
Total	143,499	126,347	68,394	69,428	3,098,419	2,608,332	3,310,312	2,804,107

Note:

Miscellaneous Expenses are net of

(a) Profit on sale of Fixed Assets (Net)

199

654

181

595

7

21

11

38

7

21

11

7

199

Schedules forming part of the Financial statements for the year ended March 31, 2013



Schedule 5

(₹'000)

Share Capital

Particulars	As at March 31, 2013	As at March 31, 2012
1 Authorised Capital 324,000,000 (Previous Year: 304,000,000) Equity Shares of ₹10 each	3,240,000	3,040,000
2 Issued Capital 291,987,500 (Previous Year: 283,645,000) Equity Shares of ₹10 each	2,919,875	2,836,450
3 Subscribed Capital 291,987,500 (Previous Year: 283,645,000) Equity Shares of ₹10 each	2,919,875	2,836,450
4 Called-up Capital 291,987,500 (Previous Year: 283,645,000) Equity Shares of ₹10 each fully paid up	2,919,875	2,836,450
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	2,919,875	2,836,450

During the period, 8,342,500 equity shares were allotted to the existing shareholders at a price of ₹ 60 per share.

Note: Number of Shares held by Tube Investments of
India Limited, the Holding Company

216,070,204 209,896,769

Schedule 5 A

Shareholding Pattern [As certified by the Management]

Shareholder	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
Indian	216,070,750	74	209,897,300	74
Foreign	75,916,750	26	73,747,700	26
Others	-	-	-	-
Total	291,987,500	100	283,645,000	100

Schedules forming part of the Financial statements for the year ended March 31, 2013



(₹'000)

Schedule 6

Reserves and Surplus

Particulars		As at March 31, 2013	As at March 31, 2012
1 Capital Reserve		-	-
2 Capital Redemption Reserve		-	-
3 Share Premium		750,825	333,700
4 General Reserve			
Add: Transfer from Contingency Reserve for Unexpired Risks	95,493	95,493	-
5 Catastrophe Reserve		-	-
6 Contingency Reserve for Unexpired Risks	95,493		
Less: Transfer to General Reserve	(95,493)		
Add: Transfer from Profit and Loss Account (Note 6 of Schedule 16)	252,074	252,074	95,493
7 Balance of Profit in Profit & Loss Account		349,887	-
Total		1,448,279	429,193

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, 2013



Schedule 8

Investments

(₹'000)

Particulars	As at March 31, 2013	As at March 31, 2012
Long Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	5,595,246	3,754,616
Other Approved Securities	-	-
Approved Investments		
- Debentures/Bonds	3,758,182	3,108,144
- Fixed Deposits with Banks	1,485,500	720,000
- Equity Shares (Net of Fair Value Change)	41,082	40,076
Investments in Infrastructure and Social Sector Bonds	1,940,084	1,428,511
Other than Approved Investments	1,201,198	800,096
	14,021,292	9,851,443
Less: Provision for diminution in value of investments in equity shares	(11,000)	(11,000)
Total (A)	14,010,292	9,840,443
Short Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	-	50,081
Other Approved Securities	-	-
Approved Investments		
- Debentures/Bonds	1,452,352	1,140,027
- Fixed Deposits with Banks	990,000	674,500
- Money market instruments	538,351	712,935
- Mutual Funds (Liquid Schemes)	-	-
Investments in Infrastructure and Social Sector Bonds	101,295	154,965
Other than Approved Investments	149,435	-
	3,231,433	2,732,508
Total (B)	3,231,433	2,732,508
Total (A) + (B)	17,241,725	12,572,951

Notes:

- (1) All Investments are performing investments and are in India.
- (2) There are no contracts in relation to investments for purchases where deliveries are pending or for sales where payments are overdue
- (3) Government Securities aggregating to ₹ 110,103 thousands (As at March 31, 2012 - ₹111,845 thousands) have been deposited with HDFC Bank under Section 7 of the Insurance Act, 1938.
- (4) Details of Cost and Market Value (₹ '000) :

	As at March 31, 2013		As at March 31, 2012	
	Cost	Market Value	Cost	Market Value
a) Equity Shares listed	49,834	30,082	48,780	29,076
b) Mutual Funds	-	-	-	-
c) Government and other securities	5,595,246	5,572,104	3,804,697	3,644,743
d) Fixed Deposit with Banks	2,475,500	2,475,500	1,394,500	1,394,500
e) Corporate Bonds	8,602,546	8,784,496	6,631,743	6,584,705
f) Money Market Instruments	538,351	538,351	712,935	712,935
	17,261,477	17,400,533	12,592,655	12,365,959

- (5) Pursuant to Para 10 of IRDA (Investment) (Fourth Amendment) Regulations 2008, ₹14,256,357 thousands of the investments representing the Technical Reserves as at March 31, 2013 has been notionally allocated as Policy holders' Funds.

Schedules forming part of the Financial statements for the year ended March 31, 2013



Schedule 9

Loans

(₹'000)

Particulars	As at March 31, 2013	As at March 31, 2012
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, 2013



Schedule 10 Fixed Assets

(₹ '000)

Particulars	As at March 31, 2012		Cost/ Gross Block		As at March 31, 2013		Depreciation/Amortisation		Net Block		
	As at March 31, 2012	Deductions	Additions	Deductions	As at March 31, 2013	Upto March 31, 2012	For The Year	On Sales/ Adjustments	Upto March 31, 2013	As at March 31, 2013	As at March 31, 2012
Land (Undivided Share)	5,079	-	32,112	-	37,191	-	-	-	-	37,191	5,079
Buildings	194,295	-	38,053	-	232,348	7,780	3,545	-	11,325	221,023	186,515
Furniture and Fittings	27,260	-	7,657	-	34,917	22,108	2,950	-	25,058	9,859	5,152
Information Technology Equipment	139,660	405	36,268	405	175,523	99,930	28,032	405	127,557	47,966	39,730
Computer Software (Intangibles)	215,675	-	93,000	-	308,675	163,491	46,083	-	209,574	99,101	52,184
Vehicles	20,187	8,706	10,483	8,706	21,964	10,938	4,929	6,709	9,158	12,806	9,249
Office Equipment	17,103	76	4,761	76	21,788	11,856	2,954	57	14,753	7,035	5,247
Electrical Fittings	21,155	228	6,702	228	27,629	13,749	3,552	228	17,073	10,556	7,406
Improvement to Premises	44,160	-	21,316	-	65,476	15,481	9,316	-	24,797	40,679	28,679
TOTAL	684,574	9,415	250,352	9,415	925,511	345,333	101,361	7,399	439,295	486,216	339,241
Capital Work in Progress (Including Capital Advances)	-	-	-	-	-	-	-	-	-	9,711	19,878
GRAND TOTAL	684,574	9,415	250,352	9,415	925,511	345,333	101,361	7,399	439,295	495,927	359,119
Previous Year	571,640	28,356	141,290	28,356	684,574	291,964	80,885	27,516	345,333	359,119	

Schedules forming part of the Financial statements for the year ended March 31, 2013



(₹'000)

Schedule 11

Cash and Bank Balances

Particulars	As at March 31, 2013	As at March 31, 2012
Cash (including Cheques, Drafts and Stamps)	55,667	85,587
Bank Balances on Current Accounts (with Scheduled Banks)	114,385	306,915
Money at Call and Short Notice	-	-
Others (Bank Deposits under Lien - Note 9 (a) of Schedule 16)	2,796	3,021
Total	172,848	395,523
Cash Balance includes Cheques on Hand	52,744	83,203

Schedule 12

Advances and Other Assets

Advances

1 Reserve Deposits with Ceding Companies	-	-
2 Application Money for Investments	-	-
3 Prepayments	11,393	48,158
4 Advances to Directors / Officers	-	-
5 Advance Tax Paid and Taxes Deducted at Source (Net of Provision for Taxation of ₹ 329,083 thousands) (Previous year - ₹ 89,323 thousands) [includes MAT Entitlement Credit of ₹ NIL (Previous Year - ₹ 16,286 thousands)]	53,695	142,368
6 Others: Advances to Employees	985	535
Advances to Vendors	11,901	8,079
Deposits for Premises and Advance Rent	40,842	42,216
Service Tax Unutilised Credit / paid in advance	-	61,915
Service tax paid under protest (Note 8 (c) of Schedule 16)	74,818	10,747
Other Advances / Deposits	22,952	22,053
Total (A)	216,586	336,071

Other Assets

1 Income Accrued on Investments	520,383	381,434
2 Outstanding Premium including Service Tax, if any (from Central & State Governments under Rashtriya Swasthya Bima Yojana Scheme and Weather Based Crop Insurance Scheme)	817,601	469,674
3 Agents' Balances	-	-
4 Foreign Agencies Balances	-	-
5 Due from Other Entities Carrying on Insurance Business	110,257	155,143
6 Due from Subsidiaries / Holding Company	-	-
7 Deposit with Reserve Bank of India [Pursuant to Section 7 of the Insurance Act, 1938]	-	-
8 Others: Bond Redemption Proceeds receivable	5,000	-
Receivable from IMTPIP Members (includes interest accrued of ₹ 314,440 thousands (Previous Year - Nil)) (Note 4 (b) and (d) (ii) of Schedule 16)	4,506,968	-
Receivable from Terrorism Pool [includes investment income of ₹ 41,193 thousands (Previous Year - ₹27,104 thousands)]	496,073	379,293
Total (B)	6,456,282	1,385,544
Total (A + B)	6,672,868	1,721,615

Schedules forming part of the Financial statements for the year ended March 31, 2013



Schedule 13

(₹'000)

Current Liabilities

Particulars	As at March 31, 2013	As at March 31, 2012
1 Agents' Balances	48,070	64,252
2 Balances Due to Other Insurance Companies	144,678	32,504
3 Deposits Held on Reinsurance Ceded	33,106	36,782
4 Premiums Received in Advance / Deposits Received	461,635	246,796
5 Unallocated Premium	120,464	229,713
6 Sundry Creditors		
- Dues to Micro & Small Enterprises	-	-
- Dues to Others	439,638	228,792
7 Due to Subsidiaries / Holding Company	-	-
8 Claims Outstanding		
- Other than IMTPIP (Net of Reinsurance)	4,224,845	1,833,600
- Dismantled IMTPIP	7,606,974	4,045,339
9 Due to Officers/ Directors	-	-
10 Others		
Book Overdraft	177,397	27,994
Tax and Other Withholdings	54,355	33,367
Environment Relief Fund	137	128
Service Tax Payable	5,458	1,744
Value Added Tax Payable	-	228
Unclaimed Amounts of Policyholders (Note 21 of Sch 16)	106,815	89,399
Total	13,423,572	6,870,638

Schedule 14

Provisions

1 Reserve for Unexpired Risk	6,656,033	4,829,792
2 For Taxation	-	-
3 For Proposed Dividends	-	-
4 For Dividend Distribution Tax	-	-
5 Other Provisions		
Premium Deficiency	-	-
Leave and other Employee Benefits	150,598	130,169
Total	6,806,631	4,959,961

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, 2013



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

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 by the Central Government of India under the Companies (Accounting Standard) Rules, 2006 and the requirements of the Companies Act, 1956, to the extent applicable.

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.

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 is done based on enrolment of lives and acknowledgement of the invoices by the Government. Any cancellations or changes in premium are accounted for in the period in which they occur.
- (ii) 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" subject to a minimum of 50 percent of the net premium written during the preceding twelve months in the case of Fire, Marine (Cargo) and Miscellaneous business except health line and 100 percent for Marine (Hull) business. In the case of health line of business, in terms of IRDA Circular No. IRDA/F&I/CIR/F&A/015/02/2011 dated February 2, 2011, the Reserve for Unexpired Risk is calculated only on "Day Basis". Further in the case of the inward premium from IMTPDRIP (DR Pool), in view of the "clean cut" arrangement, the entire inward premium is recognised as revenue.
- (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.

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 recognised in the year of determination of the profits as per the respective treaties and included in Commission on reinsurance ceded.

Schedules forming part of the Financial statements for the year ended March 31, 2013



Acquisition Cost

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

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) Estimated liability for claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) is based on available statistical data and is as certified by the Appointed Actuary.
- (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 recognised as revenue.
- (vi) Premium deficiency, if any, is calculated based on actuarial valuation duly certified by the Appointed Actuary.

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 gross written premium in each business segment.

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 the lower of the last quoted closing price on the National Stock Exchange (NSE) or the Bombay Stock Exchange (BSE). The change in the value, as reduced by the provision carried for diminution in value of investments, if any, is credited/ (debited) to the “Fair Value Change Account”.
- (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) The Company assesses at each balance sheet date, whether any impairment by way of diminution, other than temporary, in value of its investments has occurred. Such a diminution, if any, is recognised as an expense in Revenue account/Profit and Loss account.
- (vi) Segregation of invested assets is done by notionally allocating the closing Technical Reserves (Aggregate of Net Claims Outstanding and Reserve for Unexpired Risk) to Policyholders’ Funds with the balance being reflected as Shareholders’ Funds.
- (vii) 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.

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 recognised 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, Employees 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.

Fixed /Intangible Assets and Depreciation/Amortisation

- (i) Fixed Assets are stated at cost less accumulated depreciation.
- (ii) Depreciation on fixed assets is provided based on the Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 except for the following assets which are depreciated at a higher rate based on their estimated useful life as given below:

Particulars	Estimated Useful Life
Information Technology Equipment	3 Years
Vehicles	4 Years
Office Equipment	4 Years
Electrical Fittings	4 Years
Furniture and Fixtures	5 Years

- (iii) Cost of Improvements to Premises (Leasehold and Owned) is capitalised considering the enduring benefits and is amortised over the primary lease period or 5 years, whichever is lower.
- (iv) Assets individually costing ₹5,000 or less are fully depreciated in the year of purchase.
- (v) 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 recognised 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.
- (vi) 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.
- (vii) 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.

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 recognised as an expense in the revenue account as per the lease terms.

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.

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 recognised using the tax rates that have been enacted or substantively enacted as on the balance sheet date.



Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. In the case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only to the extent there is virtual certainty that the deferred tax assets can be realised. 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, 2012 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, 2013) - 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, 2013 to March 31, 2013 will be accounted on receipt of the relevant statements of account from GIC.

4. Indian Motor Third Party Insurance Pool (IMTPIP)

- a) IRDA had vide its Orders IRDA /NL/ORD/MPL/277/12/2011 dated December 23, 2011 and IRDA/NL/ORD/MPL/003/01/2012 dated January 3, 2012 directed dismantling of the IMTPIP with effect from March 31, 2012. The dismantling of the pooling arrangement of IMTPIP implied that the insurers liability on motor third party insurance on commercial vehicles got restated from industry market share basis to actual policy issued basis.
- b) Further, vide Order IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012, IRDA had directed all members to effect the inter-se settlement of the transitional liabilities arising out the dismantling of IMTPIP. Accordingly, based on the advice from the Pool Administrator, the Company has effected the settlement for the underwritten years 2007-08 and 2008-09 and has created claims outstanding liability for the underwritten years 2009-10, 2010-11 and 2011-12 with a corresponding asset towards receivable from other member companies.
- c) IRDA, vide Order No IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012, amongst other things, had provided an option to insurers for a deferred absorption of the differential liability subject to certain conditions listed in the said Order. The Company, having exercised the option, has recognised in its Miscellaneous Revenue account for the year ended March 31, 2013, ₹ 668,112 thousands representing the current year's share of the cumulative differential actuarially estimated liability (net of earned premium) for the underwriting years 2009-10, 2010-11 and 2011-12 (which includes ₹ 243,110 thousands representing the year-to-date share of loss on the earned premium for the current year).
- d) In terms of the above-said Order dated March 22, 2012,
 - (i) The Company has carried forward ₹ 549,000 thousands of the differential liability representing the final tranche, which will be absorbed in the next financial year 2013-14.
 - (ii) The Company has accrued and recognised interest income of ₹ 314,440 thousands receivable from the member of the erstwhile IMTPIP. During the year, one of the members of the IMTPIP has appealed to the Central Government under Section 110H of the Insurance Act, 1938 for setting aside the IRDA Order with respect to the payment of interest. The matter is awaiting decision from the Central Government.

5. 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 cede



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,
- 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.
 - 70% of the premium written by the member insurer is to be ceded to the DR Pool.
 - 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.
 - 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 :
- Amounts collected towards declined risks is reflected in GWP (Direct) and the ceding to the DR Pool in Premium on reinsurance ceded.
 - Likewise, premium received from the DR Pool is reflected in Reinsurance accepted.
 - 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. This treatment of earned premium is different from the accounting policy in respect of earned premium from other pooling arrangements which is generally at 50% of the Reinsurance accepted.
 - 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.
 - The impact of such change in the accounting policy is that the surplus in the Miscellaneous Revenue account and in the Profit & Loss account is lower by ₹ 52,221 thousands with a corresponding effect in Net Current Assets.
 - The Company's share of administrative expenses of the DR Pool is disclosed under expenses of management and are net of deductions, if any.
 - For the first 3 quarters ended December 31, 2012, the actual share of premium, claims, pool administrator fees based on the audited statements received from the DR Pool Administrator has been considered.
 - For the calendar quarter ended March 31, 2013, the premium, claims and pool administrator fees have been considered based on the management estimate. The difference, if any, between the estimates and the actuals for the said quarter shall be recognised in the calendar quarter in which the Pool Administrator makes available the audited statement.

6. Contingency Reserve for Unexpired Risks

The Company has created the Reserve for Unexpired Risks for the health line of business based on the 1/365 method availing the option provided in terms of IRDA Circular No. IRDA/F&I/CIR/F&A/015/02/2011 dated February 2, 2011. The difference between the reserve on the basis of 1/365 method and URR as would have been created based on section 64V(1)(ii)(b) of the Act amounts to ₹ 373,139 thousands (Previous Year - ₹ 265,602 thousands).

In terms of the said circular:

- ₹ 252,074 thousands (Previous year - ₹ 95,493 thousands) has been transferred to Contingency Reserve for Unexpired Risks.
- The Contingency Reserve of ₹ 95,493 thousands created as of March 31, 2012 has been transferred to General Reserve as of March 31, 2013.



7. Provision for IBNR and IBNER

For estimating the liability for claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), guideline laid down by IRDA vide IBNR manual dated May 22, 2008, has been adopted by the Appointed Actuary.

8. Contingent Liabilities

(₹ '000)

Particulars	As at March 31, 2013	As at March 31, 2012
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	Note (d) below	Note (d) below
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)	212,897	187,360
(ii) Others	71,808	6,402
	<u>284,705</u>	<u>193,762</u>
(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)	245,683	-
(iii) Others (including penalty of ₹ 1,586 thousands (Previous Year - ₹ Nil))	24,777	24,409
	<u>414,510</u>	<u>168,459</u>
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 to CIT (A) for the assessment year 2009-10 with respect to disallowance amounting to ₹ 1,036,248 thousands. In respect of the earlier assessment years (2003-04 to 2007-08), the Income Tax Appellate Tribunal (ITAT) by order has remanded the appeal papers back to the Assessing Officer for reassessment and the Company has filed a Tax Case Appeal in Madras High Court against the order of the ITAT. The cumulative amounts remitted in protest by the Company with the Department on this matter (for all assessment years) amounted to ₹ 91,105 thousands (Previous Year - ₹ 91,105 thousands). 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 demand is not sustainable and expects to succeed in its appeals.
- 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 (including penalty of ₹64,693 thousands) and made payments of ₹ 5,000 thousands (Previous Year - ₹ Nil) 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 ₹ 268,485 thousands (for the period from 2006-2007 to 2010-2011), including penalty of ₹ 134,242 thousands under reverse charge method on business auxiliary services availed from certain intermediaries. The Company has remitted ₹ 59,071 thousands (Previous Year - ₹ Nil) under protest. Considering the view taken by the service tax department elsewhere in India on the same matter, the Company expects to succeed in its appeal.
- d. The Company had received a claim intimation in October 2008 for a fire loss from one of its customers, which in the opinion of the management is not admissible on account of violation of express terms and conditions of the policy. This view is substantiated by the Joint Surveyors' report and is also supported by a legal opinion and accordingly the Company has repudiated the claim in March 2009. The customer has since referred the matter to the National Commission established under the Consumer Protection Act. Based on the underlying terms of the policy and the legal opinion, the Company is confident that no liability will arise. The said claim, if provided for, would increase the net incurred claims upto ₹27,600 thousands.

9. Encumbrances

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

- (a) Deposits under lien to banks amounting to ₹ 2,796 thousands (PY - ₹ 3,021 thousands)
- (b) Security deposit of ₹18,327 thousands (PY - ₹ 18,327 thousands) provided by the Company to the Lessor under the operating lease agreement.

10. Commitments

- (a) There are no commitments made and outstanding for loans and investments. Commitments made and outstanding for fixed assets are ₹ 24,763 thousands (PY - ₹ 45,297 thousands).
- (b) Bank guarantees provided to customers / Service providers towards performance commitments - ₹ 2,300 thousands (PY - ₹ 3000 thousands).

11. Claims

(₹ '000)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Claims, less reinsurance, paid to claimants:		
- In India	6,612,412	6,176,214
- Outside India	-	-
Ageing of claims (Gross) - including third party motor claims and reported IMTPIP claims:		
- Outstanding for more than six months	2,527,884	2,216,256
- Other Claims	3,976,008	2,535,654
Claims settled and remaining unpaid for more than six months	Nil	Nil

12. Premium Retention & Reinsurance

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

(₹ '000)

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Amount of Business Written (Direct)	% of Business Written (Direct)	Amount of Business Written (Direct)	% of Business Written (Direct)
Risk Retained	13,193,908	81.40	8,314,234	61.75
Risk Reinsured	3,014,998	18.60	5,151,128	38.25
Total	16,208,906	100.00	13,465,362	100.00



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

As per Insurance Regulatory and Development Authority (General Insurance - Reinsurance) Regulations, 2000 (Reinsurance Regulations), 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 10% 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 10% from overseas reinsurers.

13. Sector-wise Percentage of Business

(₹ '000)

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Amount of Business Written (Direct)	% of Business Written (Direct)	Amount of Business Written (Direct)	% of Business Written (Direct)
Rural Sector	3,009,067	18.56	2,329,125	17.30
Other Business	13,199,839	81.44	11,136,237	82.70
Total	16,208,906	100.00	13,465,362	100.00
Social Sector (No. of Lives) (As Certified by the Management)	20,407,751	-	11,893,053	-

14. 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 Ltd.
- Fellow Subsidiaries: Cholamandalam Investment and Finance Company Ltd, Cholamandalam Distribution Services Ltd, Cholamandalam Securities Ltd.
- Company holding Substantial Interest in Voting Rights: Mitsui Sumitomo Insurance Company Limited
- Company under the same management : Cholamandalam MS Risk Services Ltd.
- Key Management Personnel : Mr. S S Gopalarathnam and Mr. Tsuyoshi Yamane

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

(₹ '000)

Transaction	Related Party	2012-13	2011-12
Rent Recovery	Mitsui Sumitomo Insurance Company Ltd.	6,987	7,184
Fees incurred for Risk Inspection and advisory services	Cholamandalam MS Risk Services Ltd.	26,967	26,014
Premium Income	Tube Investments of India Ltd.	48,701	50,197
	Cholamandalam Investment and Finance Company Ltd. (excluding Premium received under representation)	36,419	35,890
	Cholamandalam MS Risk Services Ltd.	1,631	1,058
	Cholamandalam Distribution Services Ltd.	882	1,803
	Cholamandalam Securities Ltd.	1,082	1,813
Claims Incurred (Net)*	Tube Investments of India Ltd.	14,199	13,823
	Cholamandalam Investment and Finance Company Ltd.	40,669	22,959
	Cholamandalam MS Risk Services Ltd.	383	473
	Cholamandalam Distribution Services Ltd.	428	502
	Cholamandalam Securities Ltd.	794	868
Commission Expenses	Cholamandalam Distribution Services Ltd.	38,130	42,631



Transaction	Related Party	2012-13	2011-12
Brokerage expenses	Cholamandalam Securities Ltd.	10	-
Reinsurance Ceded	Mitsui Sumitomo Insurance Company Ltd.	446,356	384,503
Reinsurance Commission Received	Mitsui Sumitomo Insurance Company Ltd.	60,310	60,281
Reinsurance Recovery on Claims	Mitsui Sumitomo Insurance Company Ltd.	505,625	265,197
Management Expenses, Sitting Fees, Secondment charges, Marketing Expenses and Technical fees	Tube Investments of India Ltd.	61	2
	Mitsui Sumitomo Insurance Company Ltd.	9,120	12,413
	Cholamandalam MS Risk Services Ltd.	2,351	1,633
	Cholamandalam Investment and Finance Company Ltd.	145,605	116,238
	Cholamandalam Distribution Services Ltd.	227	636
Management Expenses Recovered	Cholamandalam Securities Ltd.	71	43
	Tube Investments of India Ltd.	303	305
	Mitsui Sumitomo Insurance Company Ltd.	3,919	1,507
	Cholamandalam MS Risk Services Ltd.	3,029	3,796
	Cholamandalam Investment and Finance Company Ltd.	4,581	4,595
Investments	Cholamandalam Distribution Services Ltd.	-	76
	Cholamandalam Securities Ltd.	-	244
Interest Received	Cholamandalam Investment and Finance Company Ltd.	190,704	199,000
Interest Accrued	Cholamandalam Investment and Finance Company Ltd.	34,650	25,310
Managerial Remuneration - Managing Director	Cholamandalam Investment and Finance Company Ltd.	17,911	414
Secondment Charges - Whole Time Director	Key Management Personnel (Refer Note 25 (a))	13,992	12,760
	Key Management Personnel	2,390	2,287
Net Amounts Receivable / (Due) at year end			
Payable (Net) -Claims Outstanding	Tube Investments of India Ltd.	(1,272)	804
	Cholamandalam Investment and Finance Company Ltd.	(4,643)	2,005
Receivable/(Payable) (Net) - Due from other entities carrying on insurance business	Mitsui Sumitomo Insurance Co Ltd.	19,875	32,262
Investments in debt / money market instruments	Cholamandalam Investment and Finance Company Ltd.	399,000	199,000
Receivable (Net) - Management and expenses and rent	Tube Investments of India Ltd.	787	635
	Mitsui Sumitomo Insurance Company Ltd.	1,127	1,786
Advance Premium Deposit	Tube Investments of India Ltd.	(617)	(617)
	Cholamandalam Investment and Finance Company Ltd.	(4,986)	(4,339)
Receivable / (Payable) (Net) - Risk Services cost, Commission & Marketing Expenses and Management expenses recovery	Cholamandalam MS Risk Services Ltd.	867	19
	Cholamandalam Investment and Finance Company Ltd.	(16,099)	-
	Cholamandalam Distribution Services Ltd.	(1,634)	-
*Gross Incurred Claims	Tube Investments of India Ltd.	19,753	18,683
	Cholamandalam Investment and Finance Company Ltd.	58,762	33,301
	Cholamandalam MS Risk Services Ltd.	425	526
	Cholamandalam Distribution Services Ltd.	475	558
	Cholamandalam Securities Ltd.	882	965



15. Employee Benefits - Disclosure in respect of Gratuity Plan

The liability in respect of the gratuity plan for employees which is a defined benefit obligation is funded by the Company based on actuarial valuation done by 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, as certified by LIC, sets out the status of the gratuity plan as at March 31, 2013 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, 2013	As at March 31, 2012
Obligations at period beginning	22,750	19,147
Service Cost	4,287	3,711
Interest Cost	1,820	1,532
Actuarial (gain) / loss	2,382	121
Benefits paid	6,416	1,761
Obligations at period end	24,823	22,750
Change in Plan Assets		
Plan assets at period beginning, at fair value	24,613	17,472
Expected return on plan assets	2,027	1,803
Actuarial (gain) / loss	-	-
Contributions	-	7,099
Benefits paid	6,416	1,761
Plan assets at period end, at fair value	20,224	24,613

(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, 2013	As at March 31, 2012
Fair value of plan assets at the end of the year	20,224	24,613
Present value of defined benefit obligations at the end of the year	24,823	22,750
Asset / (Liability)*	(4,599)	1,863
<i>*Recognised as (liability) / asset in Balance Sheet respectively</i>		
Gratuity cost for the year		
Service Cost	4,287	3,711
Interest Cost	1,820	1,532
Expected return on plan assets	2,027	1,803
Actuarial (gain) / loss	2,382	121
Net Gratuity Cost	6,462	3,561
Assumptions		
Interest rate	8.00%	8.00%
Estimated rate of return on plan assets	9.40%	9.30%
Salary Escalation Rate	5.00%	5.00%
Attrition Rate	1% - 3%	1% - 3%

**Other Disclosures:**

(₹ '000)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009
Present Value of defined benefit obligation	24,823	22,750	19,147	12,889	11,223
Fair Value of Plan assets	20,224	24,613	17,472	14,180	12,032
Surplus / (Deficit)	(4,599)	1,863	(1,675)	1,291	809

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.

16. Earnings Per Share

(₹ '000)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Profit After Tax	601,961	191,239
Weighted Average Number of Equity Shares	289,930,445	275,530,437
Earnings per Share - Basic and Diluted (₹)	2.08	0.69
Face Value Per Share (₹)	10	10

17. Segmental Reporting (As per Annexure)**18. Operating Leases**

The Company has operating lease agreements:

(₹ '000)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
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	78,132	75,426
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	41,161	41,161

(₹ '000)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Minimum Lease Payments not later than one year	41,161	41,161
Later than one year but not later than five years	-	41,161



19. 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, 2013	As at March 31, 2012
Provision for compensated absences & other employee benefits	12,332	13,222
Unabsorbed business loss	-	24,016
Provision for diminution in investments	3,739	3,569
Other timing differences	1,874	649
Sub-total (a)	17,945	41,456
Deferred Tax Liability arising on		
Timing difference between book and tax written down value of assets	11,708	3,126
Sub-total (b)	11,708	3,126
Deferred Tax Assets/(Liability) (net) (a-b)	6,237	38,330

20. 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 Corporate Agency Regulations Deviations from policyholders' regulations	Nil (1,000) Nil (Nil)	Nil (1,000) Nil (Nil)	Nil (Nil) Nil (Nil)
2	Service Tax Authority	Refer Note 8 (II)	Refer Note 8 (II)	Refer Note 8 (II)	Refer Note 8 (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 Insurance	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6	Registrar of Companies / NCLT / CLB / Department of Company Affairs or any Authority under Companies Act, 1956	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



21. 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, 2013 are given below :

(₹ '000)

Particulars	Total Amount	1 - 6 months	7 - 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	Nil
Sum due to the insured / policyholders on maturity or otherwise	NA	NA	NA	NA	NA	NA	NA	NA
Any excess collection of the premium / tax or any other charges which is refundable to the policyholders	9,596	2,511	1,048	1,583	868	2,133	919	534
Cheques issued but not encashed by the policyholder	604,302	521,637*	16,429	16,261	13,166	17,517	9,248	10,044
Total	613,898	524,148	17,477	17,844	14,034	19,650	10,167	10,578

*Includes ₹507,082 thousands representing the amount not encashed between 0-3 months.

22. 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.
23. In accordance with Circular No.F&A / Cir / 017 / May-04 dated May 18, 2004 and as certified by the Appointed Actuary, there is no premium deficiency at a segment level in each of the fire, marine and miscellaneous segment. Premium deficiency in respect of IMTPIP sub-segment in Motor line of business is ₹ Nil (Previous Year - ₹ 344,221 thousands).
24. The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.
25. **Directors' Remuneration**

(a) **Remuneration to Managing Director**

(₹ '000)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Salaries and Allowances*	12,234	11,257
Contribution to Provident and Other Funds*	1,082	1,056
Perquisites	676	447
Total	13,992	12,760

*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).



As per the terms of appointment approved by the Board of directors, the Shareholders and IRDA, there is no remuneration payable in respect of the Whole-time Director, except for Secondment Charges reimbursable to Mitsui Sumitomo Insurance Company Limited, Japan (MS) amounting to ₹ 2,390 thousands (PY - ₹2,287 thousands).

(b) Remuneration to Non-Executive Directors

(₹ '000)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Commission	2,272	1,630
Sitting Fees	1,190	1,345

26. 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.
27. 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.
28. 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	12	Service tax paid under protest	10,747	-	10,747	Service tax paid under protest regrouped
2	12	Other Advances / Deposits	-	10,747	(10,747)	
3	12	Advance Tax Paid and Taxes Deducted at Source	16,286	-	16,286	MAT Entitlement Credit regrouped under Advance Tax
4	12	Other Advances / Deposits	-	16,286	(16,286)	
5	12	Income Accrued on Investments	(9,500)	-	(9,500)	Interest received in Advance regrouped under Income Accrued on Investments
6	13	Claims Outstanding (Dismantled IMTPIP)	-	(9,500)	9,500	
7	13	Claims Outstanding (Dismantled IMTPIP)	1,247,130	-	1,247,130	Payable to IMTPIP regrouped under Claims outstanding (Dismantled IMTPIP)
8	13	Payable to IMTPIP	-	1,247,130	(1,247,130)	

Signature to Schedules 1 to 16

For and on behalf of the Board of Directors

S B Mathur
Chairman

S S Gopalarathnam
Managing Director

N Srinivasan
Director

Tsuyoshi Yamane
Wholetime Director

Rekha Surendhiran
Company Secretary

V Suryanarayanan
Chief Financial Officer

Place : Chennai
Date : April 30, 2013

Note 17 of Schedule 16
Segmental Reporting
Net Premium

(₹ '000)

	Year	Marine		Miscellaneous											Investment Income/ Other Income	Total			
		Fire	Cargo	Other than Cargo	Total	Motor	OD	TP (Note b below)	IMTIP	Workmen's Compensation	Public / Product Liability	Engineering	Aviation	Personal Accident			Health Insurance	Others	Total Misc
Premium from Direct Business Written	2012-13	935,404	509,741	106	509,847	10,664,566	5,939,353	4,622,279	102,534	64,144	58,381	329,461	-	533,026	2,513,035	301,042	14,763,655	-	16,203,906
	2011-12	716,262	504,543	-	504,543	8,808,773	5,310,184	3,74,882	3,123,707	74,322	75,895	246,369	-	471,523	2,288,955	278,720	12,244,557	-	13,465,382
Add/Premium on Reinsurance Accepted	2012-13	51,069	-	-	-	220,391	-	232,082	(11,701)	-	-	12,564	-	-	-	-	235,386	-	306,675
	2011-12	51,069	-	-	-	1,529,873	-	1,529,873	-	-	-	-	-	-	-	-	1,542,437	-	1,593,506
Less: Premium on Reinsurance Ceded	2012-13	540,502	366,472	10	366,482	1,190,262	612,257	475,471	102,534	6,414	24,422	249,457	-	195,207	293,656	148,596	2,108,014	-	3,014,988
	2011-12	353,510	340,196	-	340,196	3,707,614	545,403	38,304	3,123,707	7,432	29,013	161,248	-	184,061	248,422	119,633	4,457,422	-	5,151,128
Adjustment for Charges in Reserve for Unexpired Risk	2012-13	94,103	(10,538)	95	(10,443)	1,498,985	318,477	1,945,444	(764,936)	(7,349)	(2,641)	(107)	-	98,316	145,386	10,191	1,742,551	-	1,826,241
	2011-12	124,566	22,580	(56)	22,504	727,957	302,079	21,382	403,895	4,770	3,050	17,513	-	75,374	310,819	(70,115)	1,069,369	-	1,216,439
Premiums Earned (Net)	2012-13	372,088	153,807	1	153,808	8,195,710	5,008,619	2,433,656	753,235	65,279	36,600	95,106	-	239,503	2,273,993	142,255	11,148,446	-	11,674,342
	2011-12	289,255	141,787	56	141,843	5,903,076	4,461,302	3,14,886	1,126,778	82,119	43,832	80,773	-	212,067	1,729,714	229,202	8,260,203	-	8,691,301
Profit/(Loss) on Sale/ Redemption of Investments	2012-13	737	206	-	206	13,477	8,918	3,220	1,339	57	38	180	-	558	672	185	15,167	-	22,404
	2011-12	515	201	-	201	4,232	3,953	279	-	56	37	145	-	310	679	147	5,605	-	3,406
Others Administrative Charges	2012-13	595	341	-	341	-	-	-	-	-	9	488	-	43	9	4	553	-	1,489
	2011-12	269	229	-	229	-	-	-	-	1	4	62	-	36	7	38	147	-	645
Interest and Dividend - Gross	2012-13	72,604	10,762	8	10,770	1,172,914	466,473	168,397	538,044	3,000	1,974	16,564	-	29,173	35,138	9,697	1,268,460	-	1,681,034
	2011-12	59,162	14,785	-	14,785	5,43,812	291,362	20,569	231,881	4,104	2,716	16,542	-	22,885	50,036	10,814	650,909	-	975,956
Total Segmental Revenue	2012-13	446,024	165,116	9	165,125	9,392,101	5,494,010	2,605,373	1,292,618	68,336	38,621	112,338	-	269,277	2,409,812	152,141	12,432,626	-	13,379,269
	2011-12	349,201	157,002	56	157,059	6,451,120	4,757,217	335,944	1,358,059	66,280	46,539	96,922	-	235,318	1,780,436	240,201	8,916,864	-	9,677,628
Claims Incurred (Net)	2012-13	99,862	83,258	-	83,258	6,952,923	2,474,531	3,057,944	1,421,348	13,827	5,539	44,212	-	141,154	1,628,641	34,241	8,820,537	-	9,003,657
	2011-12	157,261	110,240	-	110,240	4,819,238	2,615,545	421,771	1,781,922	8,220	7,885	39,113	-	108,531	1,323,368	7,897	6,314,252	-	6,981,753
Commission	2012-13	(902)	(35,096)	(1)	(35,097)	195,331	284,190	(68,259)	-	(982)	5,477	(16,472)	-	(20,992)	35,676	7,791	206,449	-	170,460
	2011-12	1,555	(38,888)	-	(38,888)	188,262	175,847	12,114	-	(1,466)	4,372	(11,934)	-	(13,060)	16,721	(8,721)	174,153	-	138,820
Operating Expenses Related to Insurance Business	2012-13	143,499	68,382	12	68,394	2,435,165	1,368,602	1,065,201	1,562	9,738	8,863	52,314	-	119,019	408,191	64,929	3,098,419	-	3,310,312
	2011-12	126,347	69,428	-	69,428	2,004,732	1,865,448	131,685	7,649	8,711	14,597	42,403	-	150,188	332,589	55,055	2,606,332	-	2,804,107
Other Expenditure	2012-13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2011-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium Deficiency	2012-13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2011-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenses	2012-13	242,459	116,544	11	116,555	9,594,219	4,107,323	4,053,986	1,422,910	22,683	19,879	80,054	-	239,181	2,072,508	106,961	12,125,405	-	12,489,169
	2011-12	285,163	140,780	-	140,780	7,012,292	4,656,540	565,880	1,789,571	15,445	26,854	69,392	-	245,659	1,672,678	54,231	9,096,737	-	9,522,680
Segmental Profit/(Loss)	2012-13	203,565	48,572	(2)	48,570	(202,118)	1,376,687	(1,448,513)	(130,292)	46,733	18,742	32,284	-	30,096	337,304	45,180	307,221	-	335,494
	2011-12	64,038	16,222	56	16,279	(561,172)	100,377	(230,686)	(431,512)	50,886	19,735	27,340	-	(10,341)	107,758	185,970	(179,673)	-	254,506
Provision For Taxation (net of MAT Credit)	2012-13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2011-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit for the year	2012-13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2011-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Incurred Claims / Net Earned Premium (%)	2012-13	27%	54%	0%	54%	85%	49%	126%	188%	21%	15%	46%	-	59%	69%	24%	79%	-	77%
	2011-12	54%	78%	0%	78%	82%	59%	134%	158%	13%	18%	48%	-	51%	77%	3%	76%	-	76%

Notes:

(a) It has not been feasible for the Company to disclose the Segment Assets and Segment Liabilities.

(b) Segment results include the net loss of ₹ 104,063 thousands arising from Declined Pool and the BNPV provisioning in respect of Commercial vehicles third party risks retained in the Balance Sheet effective April 1, 2012.



Summary of Financial Statements



Registration No: 123

Date of Registration with IRDA July 15, 2002

(₹ '000)

S. No	Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
OPERATING RESULTS										
1	Gross Premium Written (Note 1)	16,208,906	13,465,362	9,679,864	7,848,548	6,854,351	5,223,354	3,117,320	2,201,809	1,692,542
2	Net Premium Income (Note 2)	13,500,583	9,907,740	7,268,600	5,146,347	4,341,377	3,211,287	1,592,591	985,500	894,727
3	Income from Investments (Net)	1,367,944	731,176	479,953	400,694	282,980	183,924	94,743	69,500	43,675
4	Others	1,489	645	746	714	1,201	1,268	1,127	4,500	905
5	Total Income	14,870,016	10,639,561	7,749,299	5,547,755	4,625,558	3,396,479	1,688,460	1,059,500	939,307
6	Commissions (Note 3)	170,450	136,820	(17,827)	(214,478)	(280,063)	(226,559)	(211,475)	(217,200)	(121,900)
7	Operating Expenses (Note 4)	3,310,312	2,804,107	2,331,067	1,939,517	1,639,532	1,321,193	794,856	571,300	428,616
8	a) Claims	9,003,657	6,581,753	4,857,802	3,443,377	2,757,790	1,556,531	707,663	689,300	547,172
	b) Increase in Unexpired Risk Reserve and Other Outgoes	1,826,241	1,216,439	994,932	523,454	487,731	722,712	319,803	101,500	184,200
	c) Premium Deficiency	-	-	(12,826)	12,826	-	(2,400)	2,400	-	(1,417)
9	Operating Profit / (Loss)	559,356	(99,558)	(403,850)	(156,940)	20,568	25,002	75,211	(85,400)	(97,364)
NON-OPERATING RESULTS										
10	Total Income under Shareholders' Account	330,744	254,506	177,946	175,442	97,925	80,397	62,662	60,439	64,000
11	Profit / (Loss) before tax	890,100	154,950	(225,903)	18,502	118,493	105,399	137,872	(24,961)	(33,364)
12	Provision for Tax	288,139	(36,290)	3,435	(5,082)	48,581	33,023	13,004	6,214	-
13	Profit / (Loss) after Tax	601,961	191,240	(229,339)	23,584	69,912	72,375	124,869	(31,174)	(33,364)
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	2,919,875	2,836,450	2,669,600	2,669,600	1,419,600	1,419,600	1,419,600	1,419,600	1,419,600
17	Net Worth	4,359,402	3,256,939	2,569,896	2,793,279	1,475,231	1,434,491	1,379,634	1,262,453	1,293,700
18	Total Assets (Note 6)	24,859,605	15,097,038	11,679,004	7,513,063	5,366,412	4,700,066	3,360,834	2,593,938	2,315,600
19	Yield on Total Investments	9%	8.50%	7.84%	8.60%	8.02%	8.01%	6.17%	5.58%	5.60%
20	Incurred claims ratio (NIC/ NEP)	77.12%	75.73%	77.43%	74.49%	71.56%	62.55%	55.60%	77.98%	77.01%
21	Commission ratio (Commission / Net written premium)	1.26%	1.38%	-0.25%	-4.17%	-6.45%	-7.06%	-13.28%	-22.04%	-13.62%
22	Expenses ratio (Expenses / Gross direct premium)	20.42%	20.82%	24.08%	24.71%	23.92%	25.29%	25.50%	25.95%	25.32%
23	Earnings per Share (₹) (Note 7)	2.08	0.69	(0.86)	0.11	0.49	0.51	0.88	(0.22)	(0.24)
24	Book Value per Share (₹)	14.93	11.48	9.63	10.46	10.39	10.10	9.72	8.89	9.11
25	Total Dividend	-	-	-	-	-	-	-	-	-
26	Dividend per Share (₹)	-	-	-	-	-	-	-	-	-
27	Solvency Margin (times)	1.42	1.33	1.61	1.76	1.02	2.00	2.63	2.51	2.56
28	Solvency Margin (times) (Regulatory Requirement)	1.40	1.30	1.30	1.50	1.50	1.50	1.50	1.50	1.50

Notes

- Gross Premium Written represents Premium on Direct Business Written.
- Net Premium Income represents Gross Written Premium Net of Reinsurance Accepted & Ceded.
- Commission is net of Commission earned on Reinsurance Ceded.
- Operating expenses are taken net of gains from the sale of fixed assets, if any and excludes exceptional expenditure.
- Pursuant to Para 10 of IRDA (Investment) (Fourth Amendment) Regulations 2008, ₹ 14,256,357 thousands of the investments representing the Technical Reserves as at March 31, 2013 has been notionally allocated as Policyholders' Funds.
- Total Assets is defined as Net Fixed Assets + Investments + Current Assets+Deferred Tax assets.
- Earnings per share has been calculated by dividing the Profit / (Loss) after Tax by the weighted average number of Equity Shares as detailed below:

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Profit / (Loss) after taxation (₹ '000)	601,961	191,240	(229,339)	23,584	69,912	72,375	124,869	(31,174)	(33,364)
Weighted average number of equity shares outstanding	289,930,445	275,530,437	266,960,000	220,042,192	141,960,000	141,960,000	141,960,000	141,960,000	141,960,000
Earnings per Share (in ₹)	2.08	0.69	(0.86)	0.11	0.49	0.51	0.88	(0.22)	(0.24)

Performance Ratios



Registration No: 123

Date of Registration with IRDA July 15, 2002

S. No.	Type of Ratio	Method of Computing	2012-13	2011-12
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 Shareholders' Funds Ratio	Gross Premium for the Current Year / (Paid up capital plus Free Reserves)	3.72	4.13
3	Growth Rate of Shareholders' Funds	Shareholders' Funds as at the current balance sheet date / Shareholders' Funds as at the previous balance sheet date	33.85%	26.73%
4	Net Retention Ratio (Segment wise)	Net Premium / Gross Premium	Schedule 2	Schedule 2
5	Net Commission Ratio (Segment wise)	Commission paid / Gross Direct Premium	Schedule 3	Schedule 3
6	Expenses of Management to Gross Direct Premium Ratio (Note 1)	Expenses of management / Gross Direct Premium	24.05%	24.52%
7	Combined Ratio	Claims paid plus expenses of management plus commission / Gross Direct Premium	73.15%	72.77%
8	Technical Reserves to Net Premium Ratio	Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims / Net premium	1.58	1.23
9	Underwriting Balance Ratio (Segment wise) (Note 2)	Underwriting profit / Net premium	Schedule 4	Schedule 4
10	Operating Profit Ratio	Underwriting profit (loss) plus investment income of Policyholders/ Net premium	6.62%	1.56%
11	Liquid Assets to Liabilities Ratio (Note 3)	Liquid assets of the insurer / policyholders' liabilities	0.19	0.29
12	Net Earning Ratio	Profit after tax / Net premium	5.16%	2.20%
13	Return on Net Worth	Profit after tax / Net worth	13.81%	5.87%
14	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	1.42	1.33
15	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.



	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	2012-13	30.60%	1.03%	-	1.05%	21.07%	(13.69%)	(23.08%)	33.73%	-	13.04%	22.90%	8.01%	20.57%	20.37%
	2011-12	26.08%	15.54%	(100.00%)	15.51%	41.26%	29.95%	35.22%	2.85%	-	46.08%	54.52%	(1.20%)	41.15%	39.11%
Schedule 2	2012-13	49.84%	28.11%	90.00%	28.12%	90.91%	90.00%	58.17%	28.83%	-	63.38%	89.56%	50.64%	87.32%	83.29%
	2011-12	57.78%	32.57%	-	32.57%	75.28%	90.00%	61.77%	39.65%	-	60.96%	89.15%	57.08%	76.19%	73.58%
Schedule 3	2012-13	7.06%	3.06%	-	3.06%	3.34%	-	14.48%	6.03%	-	4.10%	2.35%	11.44%	3.43%	3.63%
	2011-12	7.60%	2.66%	-	2.66%	3.62%	-	11.35%	6.42%	-	5.60%	1.86%	6.26%	3.51%	3.70%
Schedule 4	2012-13	0.28	0.26	(0.11)	0.26	(0.14)	0.74	0.49	0.16	-	0.00	0.12	0.23	(0.08)	(0.06)
	2011-12	0.01	0.01	-	0.01	(0.17)	0.70	0.36	0.11	-	(0.12)	0.03	1.10	(0.09)	(0.08)

Note: Ratios in brackets indicate instances where commission earned on insurance ceded exceeds 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.

Our range of health insurance policies for a healthy and happy life!

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