

# Healthy growth.



Cholamandalam MS General Insurance Company Limited  
**ANNUAL REPORT 2011 – 2012**

## If apples are a sign of good health,

then we'll need quite a few of them to give you an accurate picture of how Chola MS has performed.

To start with, we've truly grown in the 10 years we've been around. In 2011 - 12 alone, we recorded a GWP of ₹13465 million - the fastest within the Murugappa group to cross the ₹10000 million mark. And we recorded a Profit Before Tax of ₹155 million - despite a ₹662 million loss absorption from the motor pool.

Our reputation as a retail general insurance company was enhanced with over 85% of GWP coming in from retail lines and over 10 lakh policies being issued. Along the way, we also introduced many innovative insurance covers and services. As a result, we've received well-regarded national and international awards, which underline our standing as one of India's truly exceptional general insurance companies.

While that makes us happy, what makes us truly proud is that we've achieved all of this in the face of ever-increasing challenges, regulations and competition. It goes to show that our performance is a picture of good health. However, we're not stopping here. Guided by our brand essence of Trust, Transparency and Technology, and driven by our passion and teamwork, we're set to record an even healthier growth in the years to come.



## Our Accolades



'Innovation Leader Award'  
for the year 2012



Best 'In-time Claim Settlement' Award  
to RSBY (Rashtriya Swasthya Bima Yojana)  
customers for  
the year 2010-11 and 2011-12



'Financial Insights Innovation Award 2011'  
for Innovation in Mobile Enablement  
- Claims Survey Processes





## CONTENTS

	Page No.
Corporate Information	3
Key Financial Indicators	4
MD's Message	5
Profile of Directors	6
Directors' Report to Members	8
Report on Corporate Governance	13
Management Report	19
Auditors' Report	22
Balance Sheet	24
Profit and Loss Account	25
Revenue Account	26
Receipts and Payments Account	27
Schedules to Accounts	28
Summary of Financial Statements	53
Performance Ratios	54



## Board of Directors

S B Mathur	Chairman
A Vellayan	Director
R Srinivasan	Director
R Beri	Director
N Srinivasan	Director
Katsuhiko Kaneyoshi	Director
Hisatoshi Saito	Director
S S Gopalarathnam	Managing Director
Tsuyoshi Yamane	Wholetime Director

## Management Team

S S Gopalarathnam	Managing Director
Tsuyoshi Yamane	Wholetime Director
R Chandrasekaran	Senior Vice President - Underwriting & Reinsurance
V Suryanarayanan	Senior Vice President & CFO
Shivakumar Shankar	Senior Vice President - Marketing & New Initiatives
M Subramanian	Senior Vice President - Sales & Distribution
R Suresh	Senior Vice President - Claims
V Sundar	Vice President - Information Technology
A Prabhakaran	Vice President - Operations
Raymund Lobo	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

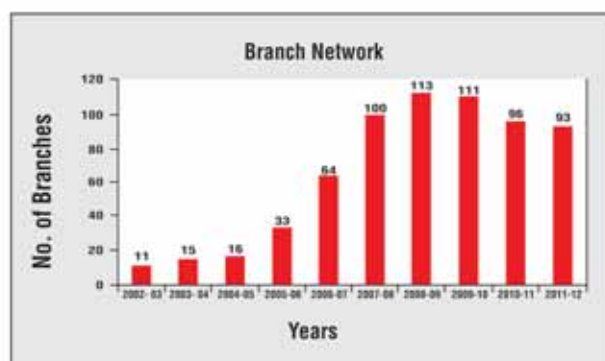
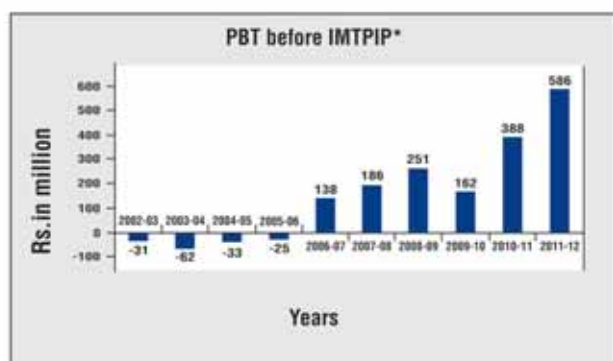
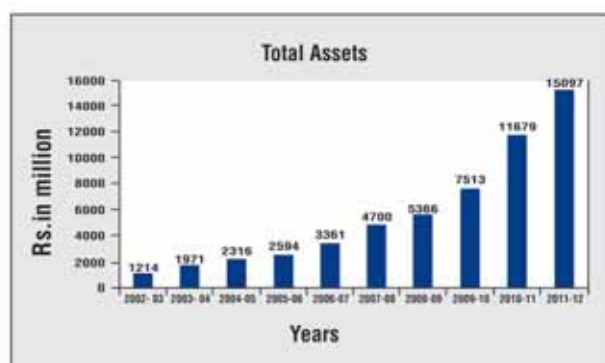
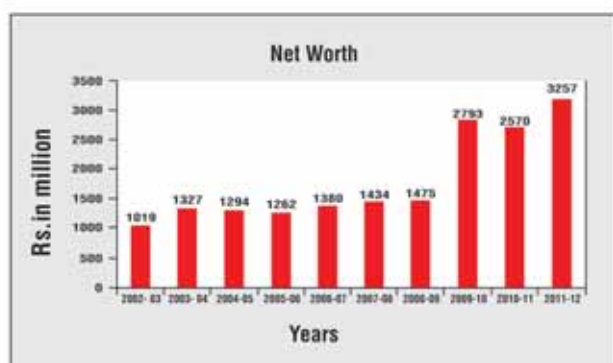
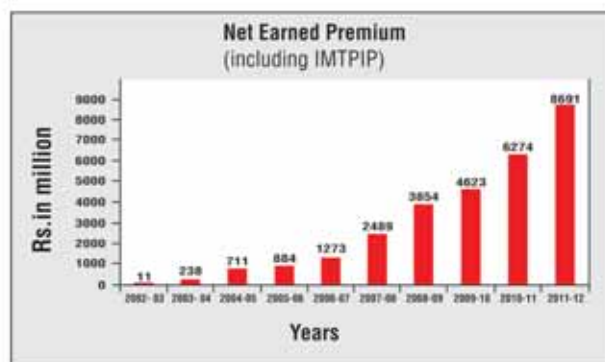
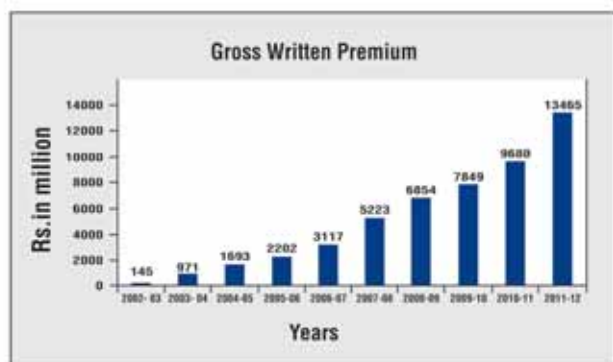
## Registered Office:

"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

# Key Financial Indicators



\* IMTPIP - Indian Motor Third Party Insurance Pool.

# MD's Message



*Dear Shareholders,*

*The financial year 2011-2012 has been a turnaround year for Chola MS. The Company crossed Rs.10,000 million (Rs.1,000 crores) Gross Written Premium (GWP) mark during the year and registered a growth of 39% to attain GWP at Rs.13,465 million. Further, the Company bounced back to profitability by registering a profit after tax of Rs.191.24 million despite absorbing motor pool losses of Rs.662 million.*

*We reckon this growth as an achievement in the backdrop of an industry growth of 24%. This turnaround has provided us with a great learning. At Chola MS, we have made some bold corrections in our pricing and underwriting strategies and more importantly have stuck to them which has improved the operating results. The hard work and dedication of our employees has helped the Company achieve a healthy growth both in terms of the top line and bottom line.*

*Despite the outlook for the Indian economic growth being moderate for FY 2012-13 and the impending slow-down in the auto sector, given the low penetration level and per capita spend on non-life insurance, we see a huge opportunity for growth in the coming years. The various reforms announced by the Regulator in the last year in terms of dismantling of the motor pool, revision of third party premium rates, rationalisation of the provisions of the erstwhile motor tariff etc., will aid the profitable growth in this sector.*

*The financial year 2012-13 is a very special year for us at Chola MS as it is our 10<sup>th</sup> year of operations. We also acknowledge that it is very critical to sustain the growth momentum and accelerate from this point. Our people have been our biggest asset and we, at Chola MS are ready to surge ahead for a meaningful and healthy growth. The implementation of the process improvements and technology initiatives planned in the previous year has commenced in a phased manner and we are progressing well and are on our way to surpass the planned benefits.*

*I take this opportunity to thank customers, IRDA, other statutory authorities, 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 dedication and commitment in making this journey of 10 years wonderful.*

*Regards,*

*S S Gopalarathnam*





# Profile of Directors



**Mr. S B Mathur**  
Chairman

- Is a Chartered Accountant, Part 1 & 2 of ICWA (London);
- Has over 40 years of experience in the insurance industry;
- Is the Secretary General of Life Insurance Council;
- Served as an Administrator in Specified Undertaking of the Unit Trust of India (SUUTI);
- Has served as the Chairman of LIC;
- Is a Board member of various companies including ITC Limited, IL&FS Limited, Ultratech Cement Limited, Axis Bank Limited, NSE, Havells India Limited etc.;
- Has been associated with the Company as the Chairman since July 2010.

- Holds a Diploma in Industrial Administration from Aston University, Birmingham UK and a Masters in Business Studies from the University of Warwick Business School-UK ;
- Is the Executive Chairman of the Murugappa Group and has experience of over 30 years across industries ;
- Is the Chairman of EID Parry (India) Limited, Coromandel International Limited, Murugappa Holdings Limited and The Fertilizer Association of India ;
- Is also on the Boards of Kanoria Chemicals & Industries Limited, CFL Mauritius Limited, etc. ;
- Has been associated with the Company as a director since July 2008.



**Mr. A Vellayan**  
Non Executive  
promoter director



**Mr. R Srinivasan**  
Independent director

- A Mechanical Engineer by qualification ;
- Was the Managing Director of Widia India Limited for more than a decade ;
- Was the Chairman of CII, Karnataka, President of Indian Machine Tools Manufacturers Association, President of Governing Council of the Central Mfg, Technology Institute, Bangalore etc ;
- Is a Board member of Sundaram Fasteners Limited, Tube Investments of India Limited, Yuken India Limited, TTK Prestige Limited etc ;
- Has been associated with the Company as a director since March 2002.

- Holds a honours degree in Arts- History and is a MBA from Birla Institute of Technology & Science, Pilani;
- Has over 35 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 etc.;
- Has held directorships in GIC, GIC Housing Finance, TAC, etc.;
- Has been associated with the Company as a director since July 2010.



**Mr. R Beri**  
Independent director





**Mr. N Srinivasan**  
Non Executive  
promoter director

- Is a Chartered Accountant and Company Secretary;
- Is the Group Director - Finance of the Murugappa Group;
- Has over 28 years experience in the areas of Corporate Finance, Legal, Projects and General Management ;
- Is a Board member of Tube Investments of India Limited, Murugappa Holdings Limited and is the Vice Chairman of Cholamandalam Investment and Finance Co Limited ;
- Has been associated with the Company as a director since August 2007.

- Graduated in Law from Senshu University, Japan ;
- Working in Mitsui Sumitomo Insurance Co Limited, Japan since 1976 ;
- Has over 35 years of experience in general insurance;
- Has been associated with the Company as a director since April 2010.



**Mr. Katsuhiko Kaneyoshi**  
Non Executive  
promoter director



**Mr. Hisatoshi Saito**  
Non Executive  
promoter director

- Graduated in Commerce from Hitotsubashi University, Japan ;
- Working with Mitsui Sumitomo Insurance Co Limited since April 1980 ;
- Has experience in Finance and accounting division ;
- 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 1 ½ years ;
- Has been associated with the Company for more than 10 years since its inception in the capacity as 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 in Mitsui Sumitomo Insurance Co Limited, Japan since 1983 and has over 27 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 eleventh annual report together with the audited financial statements of the Company for the year ended March 31, 2012.

## Financial Highlights

Rs. in million		
Particulars	2011-2012	2010-11
Gross Written Premium (GWP)		
i. Direct	13465	9680
ii. Reinsurance Acceptance	1593	786
<b>Total GWP</b>	<b>15058</b>	<b>10466</b>
Net Earned Premium	7565	5576
Net Claims Incurred	4801	3407
Net commission and expense of Management	2933	2302
Investment Income	755	521
Other Income (net)	Nil	Nil
Operating Profits	586	388
Motor pool losses (Net of investment income)	(431)	(614)
Profit before tax	155	(226)

## Industry Scenario

In FY 2011-12, the general insurance industry grew in the backdrop of strong growth in industrial and service sector. The Gross Written Premium (GWP) of non-life Insurers is reported at around Rs. 530,336 million, a growth of around 24% over the previous year. Motor and health insurance continued to constitute a significant portion of the insurance portfolio and are the prime engines of growth.

However, the inadequate premium pricing in the industry, particularly in the commercial lines of business continues to seriously impact underwriting profitability.

## Summary of Company Performance

The Company achieved a GWP of Rs.13,465 million registering a growth of 39% over the previous year. The Company's market share was 2.53% during this year.

In its ninth full year of operations, the Company attained an operating profit before tax of

Rs. 586 million (other than motor pool). In line with the IRDA circulars / orders mandating additional provisioning with respect to Indian Motor Third Party Insurance Pool (IMTPIP) issued during the year, the Company had to absorb Rs.662 million during the year (after availing the deferred absorption option provided by the Regulator) pegging the profit before tax at Rs.155 million.

The dismantling of the IMTPIP effective March 31, 2012, the constitution of the Indian Motor Third Party Declined Risk Pool for exclusive third party risks of commercial vehicles effective April 1, 2012 (which size is expected to be a fraction of the IMTPIP), the enhancement of private car claims deductibles and the increase in premium rates for motor third party liability insurance by 17% to 20% from April 1, 2012 are all welcome steps by IRDA that are likely to propel the industry forward in terms of profitability.

## Business Operations

During the year ended March 31, 2012, the Company recorded (a) growth in its top-line by clocking a GWP of Rs.13,465 million (b) highest operating profits of Rs.586 million (c) improvements in productivity of staff and locations (d) strong progress in process improvements through use of technology.

Some of the specific steps taken by the Company for achieving the growth with profitability include (a) leveraging on its bancassurance tie-ups, (b) growing market share in its tie up with auto manufacturers (c) introduction of new products (d) growing the government business (RSBY) (e) enhancing rural focus with strong growth in tractor insurance (f) further improvement in combined ratio (g) improved claims processes in recovery of stolen vehicles, salvage realization etc. and (h) continued focus on control of operating expenditure.

## Personal Lines

During the year, the Company continued to leverage the "bancassurance-financier-manufacturer" tie-ups to grow its retail business. The Company signed up the corporate agency agreement with M/s Central Bank of India during the year.

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.

With a view to enhance the productivity of branches and consolidate its business volumes, the Company continued to rationalise its branches and the total number of branches as at the end of the year stood at 93. With an eye on profitability, the business sourcing was also optimised across geographies in line with the risk-return matrix.

The GWP in personal lines viz., motor, travel and health grew to Rs. 9019 million (previous year Rs. 6981 million).

### Commercial Lines

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

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

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

### Underwriting

In the light of the current competitive business environment, the Company continues to adopt prudent and cautious approach in selection of risks and pricing. The Company has been leveraging its database and information technology capabilities efficiently, in arriving at appropriate underwriting solutions to its clients, both corporate and individual. 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 of the Company undertook several initiatives

focused on customer centricity, process improvements and containing the claims ratios. Over 1,00,000 claims were settled during the year.

More specifically, the focus areas during the year were (a) improving the turnaround time of claim settlements across the lines of business (b) strengthening the processes for minimising the impact of stolen vehicles claims (c) working on multiple initiatives aimed at reducing the severity in motor claims (d) value added services to customers in the form of health camps etc.

The Company was also recognised as the best insurance company for in time claims settlement in the Government's RSBY scheme for the second consecutive year in FY 2011-12.

### 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.

Globally, year 2011-12 is considered as one of the adverse years of natural calamity exposing the reinsurers to large losses worldwide - Japan Tsunami / New Zealand floods / Thailand floods etc. which has led to the tightening of the reinsurance terms by introduction of Event limits, sliding scale commissions etc.

### Investments

The Company's investment portfolio (other than motor pool) grew to Rs. 9392 million as at March 31, 2012 (Rs.7332 million as of March 31, 2011). During the year, the Company put in place an Asset - Liability Management framework. The prudent investment management policy with its emphasis on the objectives of safety, liquidity and optimising yield aided by the interest rate environment helped in growing the investment income to Rs.755 million (previous year Rs.521 million) and in securing a gross yield of 8.50% (previous year 7.84%)



## Human Resources

The focus for the year under review continued to be on employee engagement including talent management and training.

The employee engagement activities like festivity celebrations, sports activities, health camps, rewards and recognition programmes continued during the year. Further, the exclusive women's forum - Shakti facilitated several initiatives like flexi working hours for women employees, quality working conditions etc., The employees of the Company also carried out voluntary relief activities in Pondicherry for helping the victims of the Thane cyclone in December 2011.

Greater thrust on training - functional as well 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.

The overall staff strength of the Company as of March 31, 2012 was 704.

## Information Technology

To meet the expectations from customers/ partners in terms of speed, mobility and innovation, the Company is gearing up quickly in this direction through investments in cutting edge technology.

The Company has extended its offerings in the online customer portal by adding motor, travel, home and health products for on-line buying.

During the year under review, the Company has launched on-line transaction facility for its partners by "Straight Through Processing (STP)" to enable online electronic policy issuance.

Other customer centric technology initiatives in various stages of development are in the area of mobile technology.

In September 2011, the Company won the Financial Insights Innovation Award at the Asian Insurance Congress Singapore for innovation in mobile enablement adopting the mobile computing technology for its claims survey process.

In order to reduce the turnaround time in servicing customer requests, a sophisticated "Business

Process Management" system was implemented for Marine claims and motor claims management enabling better work distribution and automation. Some of the other critical technology enablements in progress are in the areas of "Customer Relationship Management" facilitating the stakeholders to understand the customers better and make appropriate product offerings.

## Support from MSI

Mitsui Sumitomo Insurance Company Limited (MSI) Japan, the joint venture partner continues to provide excellent 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 Rs. 500.55 million by way of rights issue made to the existing shareholders in September 2011. The paid-up capital as at March 31, 2012 was at Rs. 2836.45 million and the networth as at that date was Rs. 3256.94 million.

IRDA vide its Order dated March 22, 2012, permitted general insurers to avail the option of absorbing the IMTPIP losses arising out of the differential provisioning over a 3 year period in the manner specified in the Order and accordingly the Company will be absorbing Rs.850 million equally over the next two financial years.

The said Order also provided guidelines on the method of computation of solvency. Accordingly, the Company's solvency ratio as at March 31, 2012 is 1.33 times (after forbearance on account of outstanding premium from Central / State governments) as against the mandated threshold limit of 1.30 times.

## Dividend

Though the Company has reported net profits of Rs.191.24 million, the Board does not recommend any dividend this financial year, considering the extent of divisible profits available for distribution as well as the absorption of differential provisioning for motor pool losses in this financial year and the deferred provisioning on this account for the next two financial years.





## Outlook for FY 2012-13

The industry growth in FY 2012-13 is expected to be around 15% with the industry GWP poised to cross Rs.600 billion.

With the regulatory and business environment changing with the dismantling of motor pool, formation of declined risk pool, proposed bancassurance regulations, hardened reinsurance environment etc., the market dynamics is poised for changes and 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 focused on 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 three non-executive directors namely Mr. R Srinivasan, Mr. S B Mathur and Mr. Katsuhiko Kaneyoshi. Mr. R Srinivasan, Independent director is the Chairman of the Committee. 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. S B Mathur and Mr. R Beri who held office as additional directors till the 10<sup>th</sup> annual general meeting held on July 30, 2011 were appointed as directors of the Company.

Mr.N.Srinivasan, Mr. Tsuyoshi Yamane and Mr. Hisatoshi Saito, 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.

The auditors have confirmed their eligibility under the applicable IRDA regulations and Companies Act, 1956. 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 as the Company is not engaged in any manufacturing activity and hence not furnished. The foreign exchange earnings and outgo during the year was Rs. 515.09 million and Rs. 657.47 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, 2012 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, 2012 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 treatment on the differential provisioning with respect to IMTPIP (more specifically dealt with in Note 4(d) of Schedule 16 to the financial statements) 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 7 of





Schedule 16 to the financial statements) so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the 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 recognized in weighing the assurance provided by any such system of internal controls. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The audit committee meets at regular intervals;
- the financial statements have been prepared on a going concern basis.

#### **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, reinsurers, 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 28, 2012  
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 processes. The Company has always believed in and practiced various elements of corporate governance since its inception.

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

The Company believes that sound corporate governance practices are crucial to the smooth, effective and transparent operation of a Company and the Company recognises the expectations of all stakeholders and the Regulator 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 brand essence, the Company strives to keep up with highest standards of corporate governance and this is reflected in the Vision of the Company - "to be the most respected for its value creation to customers and shareholders amongst the general insurance companies". Stepping into its 10<sup>th</sup> year of operations in FY 2012-13, 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 business is conducted by its employees 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. During the year under review, as mandated by IRDA, the Company has put in place an asset liability management (ALM) framework with a Board approved ALM policy and an outsourcing policy for its outsourcing arrangements.



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 employee/customers/intermediaries and others dealing with the Company.

## COMPOSITION

The Board has been constituted in a manner, which results in an appropriate mix of executive/non-executive and independent directors to ensure proper governance and management. The Board members have collective experience in diverse fields like insurance, finance, 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 a 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 Company between the Murugappa group (MG) represented by Tube Investments of India Limited (TII) and Mitsui Sumitomo Insurance Company Limited (MSI), Tokyo comprises 3 nominees from MG, 3 nominees from MSI, 2 independent directors besides a Managing Director who is a joint nominee of MG and MSI. Mr. Tsuyoshi Yamane, Wholetime director of the Company whose tenor of office expired on March 31, 2012 has been re-appointed for a further period of one year from April 1, 2012 by the Board subject to the approval of IRDA and the general body.

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

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.

## 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 at every meeting 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, 2012, 5 meetings of the Board of directors were held i.e. April 26, 2011, July 30, 2011, October 29, 2011, January 28, 2012 and March 26, 2012.

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

The Board at the time of constitution of each committee lays down 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 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 three non-executive directors with the Chairman of the Committee being an independent director. Mr. R Srinivasan is the Chairman of the Committee and Mr. S B Mathur and Mr. Katsuhiko Kaneyoshi are the members. All members of the Committee have knowledge of financial management, audit and accounts. 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 separate discussions with the statutory and internal auditors without the presence of the management team. The Committee had 9 scheduled meetings during the year ended March 31, 2012, 4 meetings for reviewing the financial statements, 4 meetings for considering internal audit reports and 1 meeting for considering the internal audit plan for the FY 2012-13.

### **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 seven members including the Chief Executive Officer, Chief Financial Officer and Chief Investment Officer. Mr. A Vellayan is the Chairman of the Committee and Mr. N Srinivasan, Mr. Katsuhiko Kaneyoshi, Mr. Tsuyoshi Yamane, Mr. S S Gopalarathnam, Mr. V Suryanarayanan, CFO and Mr. N V Murali, CIO are the members. The consulting Appointed Actuary is invited for all meetings of the Committee. During the year under review, the Committee had 5 scheduled meetings.

### **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. During the year under review, the Risk Management Committee considered and recommended to the Board, the Asset Liability Management policy and framework in accordance with the IRDA requirements.

#### *Composition & meetings*

The Committee comprises five members viz., Mr. R Srinivasan, Mr. S B Mathur, Mr. R Beri, Mr. Katsuhiko Kaneyoshi and Mr. S S Gopalarathnam. Mr. R Srinivasan, Independent Director is the Chairman of the Committee. During the year ended March 31, 2012, the Committee met 4 times.

### **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, Independent





director is the Chairman of the Committee. During the year ended March 31, 2012, 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 Rs.5 crores 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, 2012, 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 interalia includes implementation of the guidelines issued by the Board for Company's operations, considering the annual business plan, appointment of senior management etc.,

#### *Composition & meetings*

The Committee comprises five members viz., Mr. S B Mathur, Chairman, Mr. A Vellayan, Mr. Katsuhiko Kaneyoshi, Mr. Tsuyoshi Yamane and Mr. S S Gopalarathnam. During the year ended March 31, 2012, the Committee met 5 times.

### **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.

#### *Composition & meetings*

The Committee comprises three members viz., Mr. R Srinivasan, Mr. S B Mathur and Mr. Katsuhiko Kaneyoshi as its members. Mr. R Srinivasan, Independent Director is the Chairman of the Committee. During the year ended March 31, 2012, the Committee met 2 times.

### **Remuneration of Directors**

Managing Director and Whole time 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 Rs.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 Rs. 6 lacs which is twice the commission the other members of the Board are entitled.

During the year ended March 31, 2012, considering that 1% of the net profits computed u/s 349 and 350 of the Companies Act, 1956 aggregates to Rs.163 million, the commission payable to the directors is restricted to a sum of Rs.1.63 million.





Considering the impact of the enhanced provisioning for motor pool losses during the FY 2010-11, no commission payment was made in the previous year to the non-executive directors.

The remuneration paid to the directors during the financial year ended March 31, 2012 is provided below:

Name of the Director	Rs. in million	
	Sitting fees paid	Commission*
Mr. S B Mathur	0.265	0.233
Mr. A Vellayan	0.045	0.233
Mr. R Srinivasan	0.290	0.233
Mr. R Beri	0.175	0.233
Mr. N Srinivasan	0.155	0.233
Mr. Katsuhiko Kaneyoshi **	0.340	0.233
Mr. Hisatoshi Saito **	0.075	0.233

\* 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.

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, Wholtime director in accordance with the terms of appointment approved by the Board of directors, the shareholders and IRDA is provided in notes 13 and 24 of Schedule 16 to the financial statements.

### CHANGES IN BOARD CONSITUION

During the year ended March 31, 2012, there were no changes in the constitution of the Board. Mr. S B Mathur and Mr. R Beri whose term as additional directors expired at the 10<sup>th</sup> annual general meeting held on July 30, 2011, were appointed as directors by the general body.

### 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 & Nomination Committee	Business Committee	Management Committee	Policy holders Protection Committee	Risk Management Committee
	(no. of meetings held)							
Mr. S B Mathur - NED	5(5)	6(9)	NA	2(2)	NA	5(5)	NA	2(4)
Mr. A Vellayan - NED	3(5)	NA	0(5)	NA	NA	0(5)	NA	NA
Mr. R Srinivasan - NED/ IND	5(5)	9(9)	NA	2(2)	NA	NA	NA	4(4)
Mr. R Beri - NED/ IND	4(5)	NA	NA	NA	3(4)	NA	4(4)	3(4)
Mr. N Srinivasan - NED	5(5)	NA	5(5)	NA	4(4)	NA	4(4)	NA
Mr. Katsuhiko Kaneyoshi - NED	5(5)	9(9)	5(5)	2(2)	NA	5(5)	NA	4(4)
Mr. Hisatoshi Saito - NED	5(5)	NA	NA	NA	NA	NA	NA	NA
Mr. SS 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 NED - Non executive director

WTD - Wholtime director IND - Independent director



## DISCLOSURE OF ADDITIONAL WORK ENTRUSTED TO STATUTORY/ INTERNAL AUDITORS

In accordance with clause 7.1 of the corporate governance guidelines prescribed by IRDA, the following are the details of the additional work entrusted to the statutory auditors / internal auditors of the Company or their associates for the financial year ended March 31, 2012:

			Rs. in million
Name of Firm	Relation	Nature of work	Amount
Ernst & Young Pvt Ltd	Internal auditors	Documentation for transfer pricing	0.16
S R Batliboi & Co.	Associate of Ernst & Young Pvt. Ltd- Internal Auditors	Representation for taxation matters	1.63

## RELATED PARTY TRANSACTIONS

Transactions with related parties are disclosed in note 13 of Schedule 16 to the accounts in the annual report. There were no materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, directors, management and their relatives that may have potential conflict with the interest of the Company at large.

## 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, 2012, 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 enclosed.

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 28, 2012  
Chennai

**S B Mathur**  
Chairman

## CERTIFICATION FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES FOR FY 2011-12

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 2012-2013.
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. During the year, 100 shares held by Parry Enterprises India Ltd was transferred to Presmet Private Limited.
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/F&I/CIR/F&A/081/12/2009 dated December 17, 2009, 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, 2012.
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, 2012, 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, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 is detailed in Annexure 1.
10. As at March 31, 2012, 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 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 :

- a) The financial statements have been prepared in accordance with applicable accounting standards read together with the regulations stipulated and Orders / Circulars issued by the IRDA, the provisions of the Insurance Act, 1938, the Companies Act, 1956 and disclosures have been made, wherever the same is required. With the exception of the accounting treatment on 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.
- b) The Company has adopted accounting policies and applied them consistently (including those specifically required by various IRDA regulations) and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as of March 31, 2012, and of the profit for the year ended March 31, 2012.
- c) The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938 and the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The financial statements of the Company have been prepared on a going concern basis.

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

13. During the year under report,

(a) The Company has exceeded the management expenses limit prescribed in Rule 17E of the Insurance Rules, 1939. The Company, over the years, has been continuously reducing this deviation from the permitted levels and has accordingly represented to IRDA through the General Insurance Council for revision in the limits.

(b) The Company has 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 13 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 28, 2012  
Chennai



## Annexure - 1

### Trend of Claims Settlement for the last five financial years

Period	No. of Claims									
30 days	Aviation	Engg.	Fire	Liability	Marine	Misc.	Accident	Health	Travel	Motor
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
2007-08	-	186	124	23	7,612	156	541	40,366	207	24,999
<b>30 days to 6 months</b>										
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
2007-08	-	242	272	122	2,721	470	740	475	458	6,644
<b>6 months to 1 year</b>										
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
2007-08	-	97	118	47	500	137	117	44	55	477
<b>1 year to 5 years</b>										
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
2007-08	5	37	60	32	218	48	35	-	76	701
<b>5 years and above</b>										
2011-12	-	-	-	-	-	-	1	-	-	91
2010-11	-	-	-	-	-	-	-	-	-	153
2009-10	-	-	-	-	-	1	-	-	-	38
2008-09	-	-	-	-	-	-	-	-	-	2
2007-08	-	-	-	-	-	-	-	-	-	-

Rs. in lakhs

Period	Claims Amount paid to Insured									
30 days	Aviation	Engg.	Fire	Liability	Marine	Misc.	Accident	Health	Travel	Motor
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
2007-08	-	81	550	1	789	20	141	6,602	4	3,409
<b>30 days to 6 months</b>										
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
2007-08	-	165	484	38	1,402	118	429	63	112	2,719
<b>6 months to 1 year</b>										
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
2007-08	-	163	434	21	286	79	91	9,284	80	483
<b>1 year to 5 years</b>										
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
2007-08	1	113	297	6	232	12	21	-	57	939
<b>5 years and above</b>										
2011-12	-	-	-	-	-	-	0.07	-	-	129
2010-11	-	-	-	-	-	-	-	-	-	114
2009-10	-	-	-	-	-	3	-	-	-	68
2008-09	-	-	-	-	-	-	-	-	-	2
2007-08	-	-	-	-	-	-	-	-	-	-

## 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	Rs. in lakhs
E.I.D Parry (India) Ltd.	139.51
Coromandel International Ltd	16.61
ITC Limited	0.09



# Auditors' Report



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

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

## AUDITORS' REPORT TO THE MEMBERS OF CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LIMITED

1. We have audited the attached Balance Sheet of CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LIMITED ("the Company") as at 31<sup>st</sup> March 2012 and the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account of the Company for the financial year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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 to the Companies Act. The Balance Sheet, the Revenue Accounts and the Profit and Loss Account are, therefore, drawn up in conformity with the Regulations.
4. We report that:
  - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them satisfactory.
  - ii. In our opinion, proper books of account as required by law have been maintained by the Company so far as appears from our examination of those books.
  - iii. The financial accounting system of the Company is centralized and therefore accounting returns are not required to be submitted by branches.
  - iv. The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account dealt with by this report are in agreement with the books of account.
  - v. The estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) has been duly certified by the Company's appointed actuary. The appointed actuary has certified to the Company that the assumptions used for such estimate 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.



- vi. On the basis of the written representations received from the directors, as on 31<sup>st</sup> March 2012, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2012 from being appointed as a director in terms of section 274(1)(g) of the Companies Act.
5. In our opinion and to the best of our information and according to the information and explanations given to us:
- i. The accounting policies selected by the Company are appropriate and are in compliance with the applicable accounting standards referred to in Section 211(3C) of the Companies Act and the accounting principles prescribed in the Regulations and orders or directions issued by IRDA in this behalf. The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account referred to in this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act.
- ii. Investments of the Company have been valued in accordance with the provisions of the Insurance Act and the Regulations.
- iii. The said financial statements are prepared in accordance with the requirements of the Insurance Act, the Insurance Regulatory and Development Authority Act, 1999, the Regulations and the Companies Act to the extent applicable and in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2012;
- b) in the case of the Revenue Accounts, of the operating Profit / Loss for the financial year ended on that date;
- c) in the case of the Profit and Loss Account, of the profit for the financial year ended on that date; and
- d) in the case of the Receipts and Payments Account, of the receipts and payments for the financial year ended on that date.
6. 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 31<sup>st</sup> March 2012 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 15<sup>th</sup> July, 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 the 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 as expenses.

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

**S. Usha**  
Partner  
Membership No: 211785

April 28, 2012  
Chennai

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

**P. Babu**  
Partner  
Membership No: 203358

# Balance Sheet

as at March 31, 2012



## FORM B-BS

Registration No.123

Date of Registration with the IRDA: July 15, 2002

		(Rs. '000)	
Particulars	Schedule	As at March 31, 2012	As at March 31, 2011
<b>SOURCES OF FUNDS</b>			
Share Capital	5	2,836,450	2,669,600
Reserves and Surplus	6	429,193	-
Fair Value Change Account		(8,704)	(3,959)
Borrowings	7	-	4,675
<b>TOTAL</b>		<b>3,256,939</b>	<b>2,670,316</b>
<b>APPLICATION OF FUNDS</b>			
Investments	8	12,572,951	9,661,038
Loans	9	-	-
Fixed Assets	10	359,119	289,195
Deferred Tax Asset (Net) (Refer Note 18 of Schedule16)		38,330	-
Current Assets			
Cash and Bank Balances	11	395,523	69,795
Advances and Other Assets	12	1,731,115	1,659,588
<b>Sub Total (A)</b>		<b>2,126,638</b>	<b>1,729,383</b>
Current Liabilities	13	6,880,138	5,386,697
Provisions	14	4,959,961	3,718,349
<b>Sub Total (B)</b>		<b>11,840,099</b>	<b>9,105,046</b>
Net Current Assets (C) = ( A - B )		(9,713,461)	(7,375,663)
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit and Loss Account		-	95,746
<b>TOTAL</b>		<b>3,256,939</b>	<b>2,670,316</b>
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

April 28, 2012  
Chennai

**Rekha Surendhiran**  
Company Secretary

**V Suryanarayanan**  
Chief Financial Officer

# Profit and Loss Account

## for the year ended March 31, 2012



### FORM B-PL

Registration No.123

Date of Registration with the IRDA: July 15, 2002

Particulars	Schedule	Year Ended March 31, 2012	(Rs. '000) Year Ended March 31, 2011
1. OPERATING PROFIT/(LOSS)			
(a) Fire Insurance		64,038	4,485
(b) Marine Insurance		16,278	19,225
(c) Miscellaneous Insurance		(179,873)	(427,559)
2. INCOME FROM INVESTMENTS			
(a) Interest and Dividend - Gross of TDS		251,100	173,292
(b) Profit on Sale of Investments		3,428	8,942
Less: Loss on Sale of Investments		(22)	(4,287)
3. OTHER INCOME		-	-
<b>TOTAL (A)</b>		<b>154,949</b>	<b>(225,902)</b>
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		-	-
(b) Bad Debts Written Off		-	-
(c) Others		-	-
<b>TOTAL (B)</b>		<b>-</b>	<b>-</b>
<b>Profit / (Loss) Before Tax</b>		<b>154,949</b>	<b>(225,902)</b>
Provision for Taxation - Current Tax (Minimum Alternate Tax)		17,240	-
MAT Entitlement Credit		(16,286)	-
Deferred Tax		(38,330)	3,436
Prior year Fringe Benefit Tax		1,086	-
<b>Profit / (Loss) After Tax</b>		<b>191,239</b>	<b>(229,338)</b>
<b>APPROPRIATIONS</b>			
(a) Interim Dividends Paid During the Year		-	-
(b) Proposed Final Dividend		-	-
(c) Dividend Distribution Tax		-	-
(d) Transfer to Contingency Reserve for Unexpired Risks (Note 5 of Schedule 16)		(95,493)	-
(e) Transfer from General Reserve		-	56,068
Balance of Profit / (Loss) Brought Forward from Last Year		(95,746)	77,524
Balance Carried Forward to Balance Sheet		-	<b>(95,746)</b>
<b>Earnings Per Share - Basic &amp; Diluted (Rs.)</b>		<b>0.69</b>	<b>(0.86)</b>
(Face value per share - Rs. 10)			

Notes to Financial Statements

16

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

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

For and on behalf of the Board of Directors

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

For **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

April 28, 2012  
Chennai

**Rekha Surendhiran**  
Company Secretary

**V Suryanarayanan**  
Chief Financial Officer

# Revenue Account

for the year ended March 31, 2012



## FORM B-RA

Registration No. 123

Date of Registration with the IRDA: July 15, 2002

(Rs. '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Schedule	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2011
1. Premiums Earned (Net)	1	289,255	194,887	141,843	122,255	8,260,203	5,956,526	8,691,301
2. Profit / Loss on Sale / Redemption of Investments (Net)		515	613	201	224	5,605	12,985	6,321
3. Others		269	354	229	228	147	164	645
Administrative Charges		-	-	-	-	-	-	-
Unallocated Premium Written Back		59,162	44,274	14,785	8,353	650,909	413,503	724,856
4. Interest and Dividend (Gross of TDS)		349,201	240,128	157,058	131,060	8,916,864	6,383,178	9,423,123
<b>TOTAL (A)</b>								<b>6,754,366</b>
1. Claims Incurred (Net)	2	157,261	121,653	110,240	73,858	6,314,252	4,662,291	6,581,753
2. Commission	3	1,555	(40,367)	(38,888)	(43,245)	174,153	65,785	136,820
3. Operating Expenses Related to Insurance Business	4	126,347	154,357	69,428	81,222	2,608,332	2,095,487	2,804,107
4. Premium Deficiency		-	-	-	-	-	(12,826)	-
<b>TOTAL (B)</b>		<b>285,163</b>	<b>235,643</b>	<b>140,780</b>	<b>111,835</b>	<b>9,096,737</b>	<b>6,810,737</b>	<b>9,522,680</b>
<b>Operating Profit/(Loss) (A - B)</b>		<b>64,038</b>	<b>4,485</b>	<b>16,278</b>	<b>19,225</b>	<b>(179,873)</b>	<b>(427,559)</b>	<b>(403,849)</b>
<b>APPROPRIATIONS</b>								
Transfer to Shareholders' Account		64,038	4,485	16,278	19,225	(179,873)	(427,559)	(403,849)
Transfer to Catastrophe Reserve		-	-	-	-	-	-	-
Transfer to Other Reserves		-	-	-	-	-	-	-
<b>TOTAL (C)</b>		<b>64,038</b>	<b>4,485</b>	<b>16,278</b>	<b>19,225</b>	<b>(179,873)</b>	<b>(427,559)</b>	<b>(403,849)</b>

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 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

April 28, 2012  
Chennai

**Rekha Surendhiran**  
Company Secretary

**V Suryanarayanan**  
Chief Financial Officer



# Receipts and Payments Account

for the year ended March 31, 2012



		(Rs. '000)
Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
<b>Cash Flows from Operating Activities</b>		
Receipts from Policyholders - Premium on Direct Business	13,674,769	9,719,865
Other Receipts	1,478,370	589,034
Direct Claims Paid	(6,415,761)	(5,048,570)
Payment to Reinsurers (Net)	(2,672,902)	(991,698)
Receipts from Co-insurers (Net)	(76,100)	56,929
Operating Expenses Paid	(1,993,414)	(2,217,969)
Commission Payments	(481,088)	(247,319)
Deposits and Advances Given	(3,293)	(34,211)
Taxes Paid	(22,139)	(60,611)
Service Tax Paid (net)	(1,458,026)	(554,312)
<b>Net Cash Flows from Operating Activities</b>	<b>2,030,416</b>	<b>1,211,138</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	(151,649)	(212,239)
Proceeds on Disposal of Fixed Assets	1,039	1,435
Purchase of Investments	(19,563,148)	(24,843,735)
Loans Disbursed	-	-
Received from IMTPIP	-	2,381,698
Sale of Investments	16,656,218	20,922,639
Repayments Received	-	-
Finance Lease Payments	(4,675)	(6,511)
Rents/Interest/ Dividends Received	859,263	450,710
Investment in Money Markets Instruments and in Liquid Mutual Funds (Net)	-	-
Expenses Related to Investments	(2,286)	(2,470)
<b>Net Cash Flows from Investing Activities</b>	<b>(2,205,238)</b>	<b>(1,308,473)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Issue of Share Capital	500,550	-
<b>Net Cash Flows from Financing Activities</b>	<b>500,550</b>	<b>-</b>
Net Increase in Cash and Cash Equivalents	325,728	(97,335)
Cash and Cash Equivalents at Beginning of the Year	69,795	167,130
Cash and Cash Equivalents at End of the Year	<b>395,523</b>	<b>69,795</b>

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

For and on behalf of the Board of Directors

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

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

**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

April 28, 2012  
Chennai

**Rekha Surendhiran**  
Company Secretary

**V Suryanarayanan**  
Chief Financial Officer

# Schedules forming part of the Financial statements for the year ended March 31, 2012



## Schedule 1 Premium Earned (Net)

(Rs. '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2011
Premium from Direct Business Written	716,262	568,080	504,543	436,802	12,244,557	8,674,982	13,465,362	9,679,864
Add: Premium on Reinsurance Accepted	51,069	52,690	-	-	1,542,437	733,153	1,593,506	785,843
Less: Premium on Reinsurance Ceded	353,510	324,934	340,196	317,519	4,457,422	2,554,654	5,151,128	3,197,107
<b>Net Premium</b>	<b>413,821</b>	<b>295,836</b>	<b>164,347</b>	<b>119,283</b>	<b>9,329,572</b>	<b>6,853,481</b>	<b>9,907,740</b>	<b>7,268,600</b>
Adjustment for Change in Reserve for Unexpired Risk	124,566	100,949	22,504	(2,972)	1,069,369	896,955	1,216,439	994,932
<b>Total Premium Earned (Net)</b>	<b>289,255</b>	<b>194,887</b>	<b>141,843</b>	<b>122,255</b>	<b>8,260,203</b>	<b>5,956,526</b>	<b>8,691,301</b>	<b>6,273,668</b>

Note:  
Premium Income from business effected:

In India	289,255	194,887	141,843	122,255	8,260,203	5,956,526	8,691,301	6,273,668
Outside India	-	-	-	-	-	-	-	-
<b>Total Premium Earned (Net)</b>	<b>289,255</b>	<b>194,887</b>	<b>141,843</b>	<b>122,255</b>	<b>8,260,203</b>	<b>5,956,526</b>	<b>8,691,301</b>	<b>6,273,668</b>

## Schedule 2 Claims Incurred (Net)

(Rs. '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2011
<b>Claims Paid</b>								
Direct	416,506	327,624	336,200	273,907	5,744,462	5,924,264	6,497,168	6,525,795
Add: Reinsurance Accepted	88	-	-	-	1,782,071	1,437,685	1,782,159	1,437,685
Less: Reinsurance Ceded	241,667	244,360	251,729	191,266	1,609,717	2,891,346	2,103,113	3,326,972
<b>Net Claims Paid</b>	<b>174,927</b>	<b>83,264</b>	<b>84,471</b>	<b>82,641</b>	<b>5,916,816</b>	<b>4,470,603</b>	<b>6,176,214</b>	<b>4,636,508</b>
Add : Claims Outstanding at the End 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
Less: Claims Outstanding at the Beginning of the Year (including the estimates of IBNR and IBNER) (Net)	180,536	142,147	64,385	73,168	1,183,140	991,452	1,428,061	1,206,767
<b>Total Claims Incurred (Net)</b>	<b>157,261</b>	<b>121,653</b>	<b>110,240</b>	<b>73,858</b>	<b>6,314,252</b>	<b>4,662,291</b>	<b>6,581,753</b>	<b>4,857,802</b>

Note:  
Claims, less reinsurance, paid to claimants

In India	174,927	83,264	84,471	82,641	5,916,816	4,470,603	6,176,214	4,636,508
Outside India	-	-	-	-	-	-	-	-
* Estimates of IBNR and IBNER at end of the year	19,950	28,817	20,036	23,188	492,514	473,332	532,500	525,337
* Estimates of IBNR and IBNER at beginning of the year	28,817	31,433	23,188	28,537	473,332	421,018	525,337	480,988

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, 2012



Particulars		Fire Business		Marine Business		Miscellaneous Business		Total	
		Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2011
<b>Schedule 3</b>									
<b>Commission</b>									
(Rs. '000)									
<b>Commission Paid</b>									
Direct	54,454	9,950	13,415	9,125	430,077	249,150	497,946	268,225	
Less: Commission on Reinsurance Ceded	52,899	50,317	52,303	52,370	255,924	183,365	361,126	286,052	
<b>Net Commission</b>	<b>1,555</b>	<b>(40,367)</b>	<b>(38,888)</b>	<b>(43,245)</b>	<b>174,153</b>	<b>65,785</b>	<b>136,820</b>	<b>(17,827)</b>	
Agents	5,434	2,561	2,082	3,613	34,665	24,735	42,181	30,909	
Brokers	12,506	6,690	10,759	5,205	97,077	52,478	120,342	64,373	
Corporate Agency	36,514	699	574	307	298,335	171,937	335,423	172,943	
Referral	-	-	-	-	-	-	-	-	

## Schedule 4

## Operating Expenses Related to Insurance Business

(Rs. '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2011
1 Employees' Remuneration and Welfare Benefits	34,025	31,323	23,968	24,085	581,662	478,330	639,655	533,738
2 Travel, Conveyance and Vehicle Running Expenses	3,921	3,764	2,762	2,894	67,025	57,482	73,708	64,140
3 Training Expenses	417	157	294	121	7,136	2,394	7,847	2,672
4 Rent, Rates and Taxes	4,332	5,131	3,052	3,945	74,063	78,358	81,447	87,434
5 Repairs	548	497	386	382	9,366	7,593	10,300	8,472
6 Printing and Stationery	1,580	1,754	1,113	1,349	27,009	26,784	29,702	29,887
7 Communication	2,485	2,445	1,750	1,880	42,480	37,341	46,715	41,666
8 Legal and Professional Charges	2,481	2,267	1,748	1,743	42,417	34,624	46,646	38,634
9 Auditors' Fees & Expenses								
As Auditors	88	97	62	74	1,500	1,479	1,650	1,650
In any Other Capacity (Tax Audit and Certification)	30	19	21	15	505	296	556	330
Out of Pocket Expenses	3	3	2	2	55	46	60	51
10 Advertisement and Publicity	2,552	2,792	1,798	2,147	43,627	42,639	47,977	47,578
11 Bank Charges	639	468	450	360	10,919	7,141	12,008	7,969
12 Others								
Power and Electricity	1,378	1,387	971	1,066	23,554	21,177	25,903	23,630
Information Technology Expenses	4,249	4,145	2,993	3,187	72,641	63,295	79,883	70,627
Marketing Expenses	35,551	64,889	9,276	18,218	1,138,566	832,766	1,183,393	915,873
Operating Lease Charges	2,135	4,201	1,504	3,230	36,504	64,155	40,143	71,586
IRDA Registration renewal fees	515	461	363	355	8,802	7,034	9,680	7,850
Service Tax Expense	77	331	925	255	24,925	5,058	25,927	5,644
Outsourcing Expenses	15,211	14,705	10,714	11,307	260,026	224,548	285,951	250,560
Net Exchange (Gain) / Loss	11	(2)	8	(2)	192	(33)	211	(37)
Co-insurance Administrative Charges	306	703	95	13	520	510	921	1,226
Terrorism Pool - Management Expenses	6,466	6,843	-	-	1,591	-	8,057	6,843
IMTPIP - Administrative Expenses (Net)	-	-	-	-	7,649	11,200	7,649	11,200
Miscellaneous Expenses (Net) (Note below)	3,044	2,329	2,143	1,791	52,046	35,567	57,233	39,687
13 Depreciation	4,303	3,648	3,030	2,805	73,552	55,703	80,885	62,156
<b>Total</b>	<b>126,347</b>	<b>154,357</b>	<b>69,428</b>	<b>81,222</b>	<b>2,608,332</b>	<b>2,095,487</b>	<b>2,804,107</b>	<b>2,331,066</b>

Note:

1. Miscellaneous Expenses are net of  
(a) Profit on sale of Fixed Assets (Net)

260

199

233

181

12

7

15

11

# Schedules forming part of the Financial statements for the year ended March 31, 2012



## Schedule 5

### Share Capital

Particulars	(Rs. '000)	
	As at March 31, 2012	As at March 31, 2011
1. Authorised Capital 304,000,000 Equity Shares of Rs.10 each	3,040,000	3,040,000
2. Issued Capital 283,645,000 (Previous Year: 266,960,000) Equity Shares of Rs.10 each	2,836,450	2,669,600
3. Subscribed Capital 283,645,000 (Previous Year: 266,960,000) Equity Shares of Rs.10 each	2,836,450	2,669,600
4. Called-up Capital 283,645,000 (Previous Year: 266,960,000) Equity Shares of Rs.10 each fully paid up	2,836,450	2,669,600
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	-	-
<b>Total</b>	<b>2,836,450</b>	<b>2,669,600</b>

During the year, 16,685,000 equity shares were allotted to the existing shareholders at a price of Rs. 30 per share.

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

209,896,769      197,549,900

## Schedule 5 A

### Shareholding Pattern [As certified by the Management]

Shareholder	As at March 31, 2012		As at March 31, 2011	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
Indian	209,897,300	74	197,550,400	74
Foreign	73,747,700	26	69,409,600	26
Others	-	-	-	-
<b>Total</b>	<b>283,645,000</b>	<b>100</b>	<b>266,960,000</b>	<b>100</b>



# Schedules forming part of the Financial statements for the year ended March 31, 2012



## Schedule 6

### Reserves and Surplus

Particulars	(Rs. '000)	
	As at March 31, 2012	As at March 31, 2011
1 Capital Reserve	-	-
2 Capital Redemption Reserve	-	-
3 Share Premium	333,700	-
4 General Reserve	-	-
5 Catastrophe Reserve	-	-
6 Contingency Reserve for Unexpired Risk	-	-
Add: Transfer from Profit and Loss Account (Note 5 of Schedule 16)	95,493	-
7 Balance of Profit in Profit & Loss Account	-	(95,746)
<b>Total</b>	<b>429,193</b>	<b>(95,746)</b>

## Schedule 7

### Borrowings

1. Debentures / Bonds	-	-
2. Banks	-	-
3. Financial Institutions	-	-
4. Others (financial lease from IBM India Pvt. Ltd.)	-	4,675
<b>Total</b>	<b>-</b>	<b>4,675</b>

# Schedules forming part of the Financial statements

## for the year ended March 31, 2012



### Schedule 8

#### Investments

	(Rs. '000)	
Particulars	As at March 31, 2012	As at March 31, 2011
<b>Long Term Investments</b>		
Government Securities and Government Guaranteed Bonds including Treasury Bills	3,754,616	2,961,574
Other Approved Securities	-	-
Approved Investments:		
- Debentures / Bonds	3,108,144	3,205,057
- Fixed Deposit with Banks	720,000	475,000
- Equity Shares (Net of Fair Value Change)	40,076	44,818
Investment in Infrastructure and Social Sector Bonds	1,428,511	1,363,011
Other than Approved Investments	800,096	348,516
	<b>9,851,443</b>	<b>8,397,976</b>
Less: Provision for diminution in value of investments in equity shares	(11,000)	(11,000)
<b>Total ( A )</b>	<b>9,840,443</b>	<b>8,386,976</b>
<b>Short Term Investments</b>		
Government Securities and Government Guaranteed Bonds including Treasury Bills	50,081	-
Other Approved Securities	-	-
Approved Investments:		
- Debentures / Bonds	1,140,027	50,614
- Fixed Deposit with Banks	674,500	448,000
- Money market Instruments	712,935	717,176
- Mutual Funds (Liquid schemes)	-	7,889
Investment in Infrastructure and Social Sector Bonds	154,965	50,383
Other than Approved Investments	-	-
<b>Total ( B )</b>	<b>2,732,508</b>	<b>1,274,062</b>
<b>Total ( A ) + ( B )</b>	<b>12,572,951</b>	<b>9,661,038</b>

- (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 Rs. 111,845 thousand (As at March 31, 2011- Rs. 113,591 thousand) have been deposited with HDFC Bank under Section 7 of the Insurance Act, 1938.
- (4) Details of Cost and Market Value (Rs. '000):

	As at March 31, 2012		As at March 31, 2011	
	Cost	Market Value	Cost	Market Value
a) Equity Shares listed	48,780	29,076	48,780	33,821
b) Mutual Funds	-	-	7,889	7,889
c) Government and other securities	3,804,697	3,644,743	2,961,573	2,834,456
d) Fixed Deposit with Banks	1,394,500	1,394,500	923,000	923,000
e) Corporate Bonds	6,631,743	6,584,705	5,017,580	4,903,583
f) Money Market Instruments	712,935	712,935	717,176	717,176
<b>Total</b>	<b>12,592,655</b>	<b>12,365,959</b>	<b>9,675,998</b>	<b>9,419,925</b>

- (5) Pursuant to Para 10 of IRDA (Investment) (Fourth Amendment) Regulations 2008, Rs. 9,221,479 thousands of the investments representing the Technical Reserves as at March 31, 2012 has been notionally allocated as Policy holders' Funds.

# Schedules forming part of the Financial statements for the year ended March 31, 2012



## Schedule 9

### Loans

(Rs. '000)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>1. Security-wise Classification</b>		
Secured		
(a) On Mortgage of Property	-	-
(b) On Shares, Bonds, Govt. Securities	-	-
(c) Others	-	-
Unsecured	-	-
<b>Total</b>	-	-
<b>2. Borrower - wise Classification</b>		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others	-	-
<b>Total</b>	-	-
<b>3. Performance - wise Classification</b>		
(a) Loans Classified as Standard	-	-
(b) Non-performing Loans less Provisions	-	-
<b>Total</b>	-	-
<b>4. Maturity - wise Classification</b>		
(a) Short Term	-	-
(b) Long Term	-	-
<b>Total</b>	-	-

# Schedules forming part of the Financial statements for the year ended March 31, 2012



(Rs. '000)

Particulars	Cost/ Gross Block		Depreciation/Amortisation				Net Block	
	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011	For The Year	On Sales/ Adjust- ments	Upto March 31, 2012	As at March 31, 2012	As at March 31, 2011
Land (Undivided Share)	-	5,079	-	-	-	-	5,079	-
Buildings	180,741	13,554	4,811	2,969	-	7,780	186,515	175,930
Furniture and Fittings	20,675	6,585	19,849	2,259	-	22,108	5,152	826
Information Technology Equipment	107,075	32,620	83,218	16,728	16	99,930	39,730	23,857
Computer Software (Intangibles)	173,141	42,534	123,269	40,222	-	163,491	52,184	49,872
Vehicles	18,587	5,381	8,999	4,939	3,000	10,938	9,249	9,588
Office Equipment	11,737	5,427	10,024	1,853	21	11,856	5,247	1,713
Electrical Fittings	14,751	6,404	11,813	1,936	-	13,749	7,406	2,938
Improvement to Premises	20,454	23,706	10,099	5,382	-	15,481	28,679	10,355
Leased IT Equipments	24,479	-	19,882	4,597	24,479	-	-	4,597
<b>TOTAL</b>	571,640	141,290	291,964	80,885	27,516	345,333	339,241	279,676
Capital Work in Progress (Including Capital Advances)	-	-	-	-	-	-	19,878	9,519
<b>GRAND TOTAL</b>	571,640	141,290	291,964	80,885	27,516	345,333	359,119	289,195
<b>Previous Year</b>	364,782	211,944	233,719	62,156	3,911	291,964	289,195	

# Schedules forming part of the Financial statements

## for the year ended March 31, 2012



### Schedule 11

#### Cash and Bank Balances

(Rs. '000)

Particulars	As at March 31, 2012	As at March 31, 2011
Cash (including Cheques, Drafts and Stamps)	85,587	29,070
Bank Balances in Current Accounts ( with Scheduled Banks)	306,915	37,678
Money at Call and Short Notice	-	-
Others (Bank Deposits under Lien - Note 8 of schedule 16)	3,021	3,047
<b>Total</b>	<b>395,523</b>	<b>69,795</b>
Cash Balance includes Cheques on Hand	83,203	27,601

### Schedule 12

#### Advances and Other Assets

##### Advances

1 Reserve Deposits with Ceding Companies	-	-
2 Application Money for Investments	-	-
3 Prepayments	48,158	187,028
4 Advances to Directors / Officers	-	-
5 Advance Tax Paid and Taxes Deducted at Source (Net of Provision for Taxation of Rs.72,083 thousands) (Previous Year - Rs. 81,082 thousands)	126,082	120,780
6. Others: Advances to Employees	535	471
Advances to Vendors	8,079	4,843
Deposits for Premises and Advance Rent	42,216	43,922
Service Tax Unutilised Credit / paid in advance	61,915	613
Other Advances / Deposits [includes MAT Entitlement Credit of Rs.16,286 (Previous Year - NIL)]	49,086	31,101
<b>Total ( A )</b>	<b>336,071</b>	<b>388,758</b>

##### Other Assets

1 Income Accrued on Investments	390,934	302,190
2 Outstanding Premium including Service Tax (includes Rs.466,850 thousands from Central & State Governments under Rashtriya Swasthya Bima Yojana Scheme and Weather Based Crop Insurance Scheme)	469,674	446,267
3 Agents' Balances	-	-
4 Foreign Agencies Balances	-	-
5 Due from Other Entities Carrying on Insurance Business	155,143	225,522
6 Due from Subsidiaries / Holding Company	-	-
7 Deposit with Reserve Bank of India [Pursuant to Section 7 of the Insurance Act, 1938]	-	-
8 Others: Receivable from Terrorism Pool [includes investment income of Rs. 27,104 thousand (Previous Year - Rs.21,462 thousand)]	379,293	296,851
<b>Total ( B )</b>	<b>1,395,044</b>	<b>1,270,830</b>
<b>Total ( A + B )</b>	<b>1,731,115</b>	<b>1,659,588</b>



# Schedules forming part of the Financial statements

## for the year ended March 31, 2012



### Schedule 13

#### Current Liabilities

(Rs. '000)

Particulars	As at March 31, 2012	As at March 31, 2011
1 Agents' Balances	64,252	47,394
2 Balance Due to Other Insurance Companies	32,504	150,836
3 Deposits Held on Reinsurance Ceded	36,782	22,620
4 Premiums Received in Advance / Deposits Received	246,796	156,281
5 Unallocated Premium	229,713	89,249
6 Sundry Creditors		
- Dues to Micro & Small Enterprises	-	-
- Dues to Others	228,792	216,030
7 Due to subsidiaries / Holding Company	-	-
8 Claims Outstanding		
- Other than IMTPIP (Net of Reinsurance)	1,833,600	1,428,061
- Dismantled IMTPIP	2,798,209	-
9 Due to Officers/ Directors	-	-
10 Others: Payable to IMTPIP Members	1,256,630	3,102,553
Book Overdraft	27,994	45,617
Tax and Other Withholdings	33,367	32,426
Environment Relief Fund	128	73
Service Tax Payable	1744	49,574
Value Added Tax Payable	228	231
Unclaimed Amounts of Policy Holders (Note 21 of Sch. 16 & Note below)	89,399	45,752
Others	-	-
<b>Total</b>	<b>6,880,138</b>	<b>5,386,697</b>

Note : Unclaimed amounts of policy holders includes the value of cheques of Rs.81,407 thousands remaining unrepresented for more than six months and excludes the value of cheques of Rs.41,421 thousands remaining unrepresented for a period of 1 to 6 months.

### Schedule 14

#### Provisions

1 Reserve for Unexpired Risk	4,829,792	3,613,354
2 For Taxation	-	-
3 For Proposed Dividends	-	-
4 For Dividend Distribution Tax	-	-
5 Other Provisions		
Leave and other Employee Benefits (net)	130,169	104,995
<b>Total</b>	<b>4,959,961</b>	<b>3,718,349</b>

### Schedule 15

#### Miscellaneous Expenditure

(To the extent not written off or adjusted)

1. Discount Allowed in Issue of Shares / Debentures	-	-
2. Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

# Schedules forming part of the Financial statements for the year ended March 31, 2012



## 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 Yojana Scheme is done on receipt of Government acknowledgement of the enrolments done under the Scheme. 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".
- (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 recognized in the year of final determination of the profits and included in Commission on reinsurance ceded.

### **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) 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 recognized 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 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 recognized based on the eligible leave to the credit of the employees as at the balance sheet date on undiscounted basis. Liability for long term compensated absences is determined on the basis of actuarial valuation using Projected Unit Credit Method as on the Balance Sheet date.
- (iii) Fixed contributions to Provident Fund, 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 Rs.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 recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use.
- (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 recognized 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 recognized using the tax rates that have been enacted or substantively enacted as on the balance sheet date.

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

### 3. Terrorism Pool

- (i) Premium received from customers on account of Terrorism cover has been ceded to General Insurance Corporation of India (GIC) Terrorism Pool Account. The Company's share in the Terrorism Pool Account with GIC, based on the statements of account received during the current year for the period upto December 31, 2011 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 (statements received upto March 31, 2012) - 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, 2012 to March 31, 2012 will be accounted on receipt of the relevant statements of account from GIC.

### 4 Indian Motor Third Party Insurance Pool (IMTPIP)

- (a) In accordance with the directions of IRDA, the Company, together with other insurance companies, participates in the Indian Motor Third Party Insurance Pool (IMTPIP). The IMTPIP is a multilateral reinsurance arrangement, in which all member companies are compulsorily required to participate. The IMTPIP is administered by the General Insurance Corporation of India ('GIC'). The IMTPIP covers reinsurance of third party risks of specified motor vehicles "specified risks".
- (b) In accordance with the terms of the agreement, all items of revenues and expenses are ceded multilaterally to the other general insurers named in the agreement based on Company's market share of gross written premium in the Industry. Accordingly,
  - (i) Amounts collected as third party insurance premium is reflected in GWP (Direct) and in Premium on reinsurance ceded.
  - (ii) Likewise, premia ceded by other general insurers to the company is recorded as reinsurance accepted.
  - (iii) Earned premium is based on the IMTPIP's accounting policy in respect of Reserve for Unexpired Risk which is calculated at 50% of the total third party motor insurance premium for the period.
  - (iv) The Company's share of incurred claims of the IMTPIP (based on industry market share of premium) includes the outstanding liability for reported claims and estimated liability for claims IBNR / IBNER as certified by the Actuary of the IMTPIP.
  - (v) The Company's share of the administrative expenses of the IMTPIP are disclosed under expenses of management and are net of deductions, if any.
  - (vi) Effective April 1, 2010, the IMTPIP has dispersed the corpus of the motor pool to the member insurers based on the industry market share of gross written premium. The investment income on such dispersed corpus is recognised fully.





- (c) IRDA had vide its Orders IRDA /NL/ORD/MPL/277/12/2011 dated 23<sup>rd</sup> December 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 implies that the insurers liability on motor third party insurance on commercial vehicles gets restated from industry market share basis to actual policy issued basis.

Further, vide Order IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012, IRDA has directed all members to effect the inter-se settlement of the transitional liabilities arising out of the dismantling of IMTPIP. Accordingly, the Company has effected the settlement for the underwriting year 2007-08 based on the advice from the Pool Administrator. The Company awaits advices for the years 2008-09 to 2011-12 from the Pool Administrator wherein the Company expects an inflow of funds arising out of the inter-se settlements. These outstandings will be reflected as receivable / investments with a corresponding liability by way of outstanding claims on Dismantled IMTPIP.

- (d) IRDA vide above said Orders advised recognition of the revised actuarially estimated liabilities relating to IMTPIP for all underwriting years commencing from April 1, 2007 and ending with March 31, 2012. Accordingly, the Pool Administrator has provided Provisional Financial Statements of the IMTPIP for the period from March 1, 2011 to February 29, 2012 wherein the Company's share of the cumulative differential actuarially estimated liability (net of earned premium), is indicated as Rs.1,474,473 thousands. The Company has estimated Rs.31,004 thousands (net of earned premium), as the liability for the month of March 2012.

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 recognized in its Miscellaneous Revenue Account for the year ended March 31, 2012

- (i) Rs.230,741 thousands representing in full the differential actuarially estimated liability for the underwriting years 2007-08 and 2008-09 respectively and
- (ii) Rs.414,667 thousands representing 1/3rd of the cumulative differential actuarially estimated liability (net of earned premium) for the underwriting years 2009-10, 2010-11 and 2011-12 (based on provisional accounts received from the Pool Manager) and management estimate of Rs.10,335 thousands for the month of March 2012

In terms of the above-said Order dated March 22, 2012, the Company has carried forward Rs.850,004 thousands of the differential liability which will be absorbed equally over the next two financial years. This amount reflects the amount by which the Profit is higher due to the change from the erstwhile method of accounting wherein the entire differential liability was recognized in the Miscellaneous Revenue Accounts. The period considered during the current year is 13 months as against 12 months in the previous year.

## **5 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 Rs.265,602 thousands. The transfer to Contingency Reserve for Unexpired Risks has been restricted to the available balance in the Profit & Loss Account of Rs.95,493 thousands (net of tax) (Previous Year - NIL). The same will be transferred to the General Reserve in the next financial year in terms of the said Circular.

## **6 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.



## 7 Contingent Liabilities

(Rs. '000)

Particulars	As at March 31, 2012	As at March 31, 2011
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 (c) below	Note (c) 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		
Income Tax Matters:		
In respect of disallowance of remittances to foreign reinsurers for not withholding tax at source together with interest thereon (Note (a) Below)	187,360	65,592
Others	6,402	2,388
	<u>193,762</u>	<u>67,980</u>
Service Tax Matters:		
In respect of Input Credit Availment on labour Charges in motor claims (Note (b) below)	144,050	-
Others	24,409	13,827
	<u>168,459</u>	<u>13,827</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) and the principles adopted in the orders of CIT (Appeals) on similar disputed issues in the previous assessment years. The Company is on appeal with Income Tax Appellate Tribunal/CIT (Appeals) for the assessment years commencing from 2003-04 to 2008-09. The cumulative amounts remitted/adjusted in protest by the Company with the Department on this matter amounted to Rs.91,105 thousands (as of March 2011 - Rs.69,978 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 Rs.144,050 thousands (including penalty of Rs.64,693 thousands). 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 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 Rs.27,600 thousands.



## 8 Encumbrances

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

- (a) Deposits under lien to banks amounting to Rs. 3,021 thousands (PY - Rs. 3,047 thousands)
- (b) Security deposit of Rs.18,327 thousands (PY - Rs18,327 thousands) provided by the Company to the Lessor under the operating lease agreement.

## 9 Commitments

- (a) There are no commitments made and outstanding for loans and investments. Commitments made and outstanding for fixed assets are Rs. 45,297 thousands (PY - Rs. 20,574 thousands).
- (b) Bank guarantees provided to customers / Service providers towards performance commitments - Rs. 3,000 thousands ( PY - Rs. 3000 thousands )

## 10 Claims

(Rs. '000)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Claims, less reinsurance, paid to claimants		
- in India	6,176,214	4,636,508
- outside India		
Ageing of Claims (Gross) - including third party motor claims and reported IMTPIP claims :		
- outstanding for more than six months	2,216,256	1,418,975
- other claims	2,535,654	1,152,463
Claims settled and remaining unpaid for more than six months	Nil	Nil

## 11 Premium Retention & Reinsurance

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

(Rs. '000)

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	Amount of Business Written (Direct)	% of Business Written (Direct)	Amount of Business Written (Direct)	% of Business Written (Direct)
Risk Retained	8,314,234	61.75	6,482,757	66.97
Risk Reinsured	5,151,128	38.25	3,197,107	33.03
<b>Total</b>	<b>13,465,362</b>	<b>100.00</b>	<b>9,679,864</b>	<b>100.00</b>

Risk Reinsured includes cession under the IMTPIP 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.



## 12 Sector-wise Percentage of Business

(Rs. '000)

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	Amount of Business Written	% of Business Written	Amount of Business Written	% of Business Written
Rural Sector	2,329,125	17.30	1,266,470	13.08
Other Business	11,136,237	82.70	8,413,394	86.92
<b>Total</b>	<b>13,465,362</b>	<b>100.00</b>	<b>9,679,864</b>	<b>100.00</b>
Social Sector (No. of Lives) (As Certified by the Management)	11,893,053	-	6,626,038	-

## 13 Related Party Disclosure

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

- Holding Company: Tube Investments of India Limited
- Fellow Subsidiaries: Cholamandalam Investment and Finance Company Ltd, Cholamandalam Distribution Services Ltd, Cholamandalam Securities Ltd and Cholamandalam Factoring Ltd
- Company holding Substantial Interest in Voting Power: Mitsui Sumitomo Insurance Company Limited
- Company under the same management : Cholamandalam MS Risk Services Ltd.
- Key Management Personnel : Mr. S S Gopalathnam and Mr. Tsuyoshi Yamane

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

(Rs. '000)

Transaction	Related Party	2011-12	2010-11
Rent Recovery	Mitsui Sumitomo Insurance Co Ltd	7,184	7,852
Fees incurred for Risk Inspection and advisory services	Cholamandalam MS Risk Services Ltd	26,014	21,757
Premium Income	Tube Investments of India Ltd	50,197	42,290
	Cholamandalam Invt & Fin Co Ltd	35,890	25,977
	Cholamandalam MS Risk Services Ltd	1,058	1,194
	Cholamandalam Distribution Services Ltd	1,803	645
	Cholamandalam Securities Ltd	1,813	2,218
Claims Incurred (net)	Tube Investments of India Ltd*	13,823	25,251
	Cholamandalam Invt & Fin Co Ltd**	22,959	21,152
	Cholamandalam Distribution Services Ltd***	502	221
	Cholamandalam Securities Ltd ****	868	711
	Cholamandalam MS Risk Services Ltd@	473	177
Commission & Marketing Expenses	Cholamandalam Distribution Services Ltd	42,631	15,757
	Cholamandalam Invt & Fin Co Ltd	105,589	30,851
Fixed Asset Purchases	Cholamandalam Invt & Fin Co Ltd	-	560
Management Expenses, Sitting Fees, Brokerage, Secondment charges and Technical fees	Tube Investments of India Ltd	2	27
	Mitsui Sumitomo Insurance Co Ltd	12,413	10,588
	Cholamandalam MS Risk Services Ltd	1,633	997
	Cholamandalam Invt & Fin Co Ltd	10,649	9,056
	Cholamandalam Distribution Services Ltd	636	841
	Cholamandalam Securities Limited	43	-



(Rs. '000)

Transaction	Related Party	2011-12	2010-11
Brokerage expenses	Cholamandalam Securities Ltd	-	131
Management Expenses Recovered	Tube Investments of India Ltd Mitsui Sumitomo Insurance Co Ltd Cholamandalam MS Risk Services Ltd Cholamandalam Invt & Fin Co Ltd Cholamandalam Securities Ltd Cholamandalam Distribution Services Ltd	305 1,507 3,796 4,595 244 76	575 897 3,750 3,047 991 1,308
Reinsurance Ceded	Mitsui Sumitomo Insurance Co Ltd	384,503	350,001
Reinsurance Commission Received	Mitsui Sumitomo Insurance Co Ltd	60,281	62,112
Reinsurance Recovery on Claims	Mitsui Sumitomo Insurance Co Ltd	265,197	378,214
Investments	Cholamandalam Invt & Fin Co Ltd	199,000	1,50,000
Interest Received	Cholamandalam Invt & Fin Co Ltd	25,310	11,056
Interest Accrued	Cholamandalam Invt & Fin Co Ltd	414	415
Managerial Remuneration - Managing Director	Key Management Personnel (Refer Note 24 (a))	12,760	10,344
Secondment Charges - Wholetime Director	Key Management Personnel	2,287	2,193
<b>Net Amounts Receivable/(Due) at Year end</b>			
1. Payable (Net) - Claims Outstanding	Tube Investments of India Ltd Cholamandalam Invt & Fin Co Ltd	804 2,005	14,096 2,670
2. Receivable /(Payable) (Net) - Due from other entities carrying on insurance business	Mitsui Sumitomo Insurance Co Ltd	32,262	137,209
3. Receivable (Net) - Management and expenses and rent	Tube Investments of India Ltd Mitsui Sumitomo Insurance Co Ltd	635 1,786	429 1,047
4. Payable/(Receivable) (Net) - Risk Services cost, Commission & Marketing Expenses and Management expenses recovery	Cholamandalam MS Risk Services Ltd Cholamandalam Invt & Fin Co Ltd Cholamandalam Distribution Services Ltd	(19) - -	(3,494) 752 19
5. Payable - Advance Premium Deposit Received	Cholamandalam Invt & Fin Co Ltd	4,339	7,966

- \* Tube Investments of India Ltd - Gross Incurred Claims - Rs. 18,683 (Previous Year - Rs.150,919)
- \*\* Cholamandalam Invt & Fin Co Ltd - Gross Incurred Claims - Rs. 33,301(Previous Year - Rs 28,781)
- \*\*\* Cholamandalam Distribution Services Ltd -Gross Incurred Claims - Rs. 558 (Previous Year - Rs. 246)
- \*\*\*\* Cholamandalam Securities Ltd - Gross Incurred Claims - Rs. 965 (Previous Year - Rs. 740)
- @ Cholamandalam MS Risk Services Ltd - Gross Incurred Claims - Rs. 526 (Previous Year - Rs. 196)

#### 14 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, 2012 as required under AS 15 (Revised).



**Reconciliation of opening and closing balances of the present value of the defined benefit obligation**  
(Rs. '000)

	As on March 31, 2012	As on March 31, 2011
Obligations at period beginning	19,147	12,889
Service Cost	3,711	3,514
Interest Cost	1,532	1,031
Actuarial (gain) / loss	121	3,810
Benefits paid	1,761	2,097
<b>Obligations at period end</b>	<b>22,750</b>	<b>19,147</b>
<b>Change in Plan Assets</b>		
Plan assets at period beginning, at fair value	17,472	14,180
Expected return on plan assets	1,803	1,389
Actuarial (gain) / loss	-	-
Contributions	7,099	4,000
Benefits paid	1,761	2,097
<b>Plan Assets at period end, at fair value</b>	<b>24,613</b>	<b>17,472</b>
(All Plan Assets are invested in debt instruments)		
<b>Reconciliation of present value of the obligation and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the year	24,613	17,472
Present value of defined benefit obligations at the end of the period	22,750	19,147
<b>Asset/(Liability)</b>	<b>1,863*</b>	<b>(1,675)</b>
* Recognized as asset in Balance Sheet		
<b>Gratuity cost for the year</b>		
Service cost	3,711	3,514
Interest cost	1,532	1,031
Expected return on plan assets	1,803	1,389
Actuarial (gain) / loss	121	3,810
<b>Net Gratuity cost</b>	<b>3,561</b>	<b>6,966</b>
<b>Assumptions</b>		
Interest rate	8.00%	8.00%
Estimated rate of return on plan assets	9.30%	9.30%
Salary Escalation Rate	5.00%	5.00%
Attrition Rate	1 - 3%	1 - 3%

**Other Disclosures:**

(Rs. '000)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010	Year Ended March 31, 2009	Year Ended March 31, 2008
Present Value of defined benefit obligation	22750	19147	12889	11223	8509
Fair Value of Plan assets	24613	17472	14180	12032	7463
Surplus / (Deficit)	1863	(1675)	1291	809	(1046)

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.





## 15 Earnings Per Share

(Rs.'000)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Profit After Tax (Rs. '000)	191,239	(229,338)
Weighted Average Number of Equity Shares	275,530,437	266,960,000
Earnings per Share - Basic and Diluted (Rs.)	0.69	(0.86)
Face Value Per Share (Rs.)	10	10

## 16 Segmental Reporting (As per Annexure)

### 17 (a) Finance Lease Commitments

The Company has taken information technology equipments on finance lease with these assets as security. The minimum committed lease rentals and the Present Value of the lease payments is as follows:

(Rs. '000)

Particulars	March 31, 2012	March 31, 2011
Total commitments towards minimum lease payments	-	4,833
Less: Future Liability on interest account	-	158
Present Value of minimum lease payments	-	4,675
Minimum Lease Payments		
Not later than one year	-	4,833
Later than one year but not later than five years	-	-

### (b) Operating Leases

The Company has operating lease agreements for:

- 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. Lease rent for the year ended March 31, 2012 amounted to Rs.75,426 thousands (PY- Rs.84,044 thousands).
- 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. Rentals for the period ended March 31, 2012 amounted to Rs. 41,161 thousands (PY - Rs. 73,897 thousands)

(Rs. '000)

Particulars	March 31, 2012	March 31, 2011
Minimum Lease Payments		
Not later than one year	41,161	41,161
Later than one year but not later than five years	41,161	82,322

## 18 Deferred Tax Assets / (Liability) (net)

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

(Rs. '000)

Deferred Tax Assets arising on	As at March 31, 2012	As at March 31, 2011
Provision for compensated absences & other employee benefits	13,222	Note below
Unabsorbed business loss	24,016	-
Provision for diminution in investments	3,569	-
Other timing differences	649	823 * Note below
<b>Sub-Total (a)</b>	<b>41,456</b>	<b>823</b>



(Rs. '000)

Deferred Tax Liability arising on	As at March 31, 2012	As at March 31, 2011
Timing difference between book and tax written down value of assets	3,126	823
<b>Sub-total (b)</b>	<b>3,126</b>	<b>823</b>
<b>Deferred Tax Assets / (Liability) (net) (a-b)</b>	<b>38,330</b>	<b>-</b>

As at March 31, 2011, in view of business loss in that year and in the absence of "virtual certainty" detailed in Accounting Standard 22, recognition of deferred tax assets had been restricted only to the extent of the deferred tax liability.

- 19 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 :

(Rs. '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 policy holders' regulations	1000 (500)  Nil (50)	1000 (500)  Nil (50)	Nil (Nil)  Nil (Nil)
2	Service Tax Authority	Refer Note 7 (b)	Refer Note 7(b)	Nil (Nil)	Nil (Nil)
3	Income Tax Authority	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4	Any other Tax Authority (Sales Tax)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
5	Enforcement Directorate / Adjudicating Authority / Tribunal or any Authority under FEMA	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6	Registrar of Companies / NCLT / CLB / Department of Company Affairs or any Authority under Companies Act, 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



- 20 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, 2012 are given below: (Rs. '000)

Particulars	Total Amount	Age-wise Analysis						
		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	7,992	74	2,254	167	2,796	796	5	1,900
Cheques issued but not encashed by the policyholder	122,837	41,421	14,842	28,452	20,483	6,680	5,926	5,033
<b>Total</b>	<b>130,829</b>	<b>41,495</b>	<b>17,096</b>	<b>28,619</b>	<b>23,279</b>	<b>7,476</b>	<b>5,931</b>	<b>6,933</b>

- 21 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.
- 22 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. Within the miscellaneous segment, however there is a premium deficiency of Rs.344,221 thousands (Previous Year - Rs.20,420 thousands) in respect of the IMTPIP sub-segment in motor line of business based on the incurred claims ratio advised by the Pool Administrator.
- 23 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.
- 24 Directors' Remuneration
- (a) **Remuneration to Managing Director**

(Rs. '000)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Salaries and Allowances*	11,257	8,949
Contribution to Provident and Other Funds*	1,056	873
Perquisites	447	522
<b>Total</b>	<b>12,760</b>	<b>10,344</b>

\*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 and 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 Rs.2,287 thousand (PY - Rs.2,193 thousand).

**(b) Remuneration to Non-Executive Directors**

**(Rs. '000)**

<b>Particulars</b>	<b>Year Ended March 31, 2012</b>	<b>Year Ended March 31, 2011</b>
Commission	1,630	2,400*
Sittings Fees	1,345	1,265

\*Pursuant to approval from Ministry of Corporate Affairs dated January 25, 2011, the Company remunerated its Non-Executive Directors for the year ended March 31, 2010

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

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

April 28, 2012  
Chennai

**Rekha Surendhiran**  
Company Secretary

**V Suryanarayanan**  
Chief Financial Officer

## Schedule 16

## Segmental Reporting

## Net Premium

(Rs. '000)

	Year	Fire		Marine		Miscellaneous										Invest-ment Income/other Income	Total		
		Cargo	Other than Cargo	Total	Motor	OD	TP	IMTPIP	Workmen's Compensation	Public / Product Liability	Engineering	Avi-ation	Personal Accident	Health Insurance	Others			Total Misc	
Premium from Direct Business Written	2011-12	716,262	504,543	-	504,543	8,808,773	5,310,184	374,882	3,123,707	74,322	75,895	246,369	-	471,523	2,288,955	278,720	12,244,557	-	13,465,362
	2010-11	568,080	436,683	109	436,802	6,235,880	4,383,016	343,114	1,509,749	57,192	56,125	239,553	-	322,779	1,481,356	282,097	8,674,982	-	9,679,864
Add:Premium on Reinsurance Accepted	2011-12	51,069	-	-	-	1,529,873	-	-	1,529,873	-	-	12,564	-	-	-	-	1,542,437	-	1,593,506
	2010-11	43,945	-	-	-	733,153	-	-	733,153	-	-	8,745	-	-	-	-	741,898	-	785,843
Less:Premium on Reinsurance Ceded	2011-12	353,510	340,196	-	340,196	3,707,614	545,403	38,504	3,123,707	7,482	29,013	161,248	-	184,061	248,422	119,633	4,457,422	-	5,151,128
	2010-11	324,934	317,466	53	317,519	2,021,812	474,887	37,175	1,509,749	5,702	27,847	148,788	-	128,419	172,171	49,914	2,554,654	-	3,197,107
Adjustment for Changes in Reserve for Unexpired Risk	2011-12	124,566	22,560	(56)	22,504	727,957	302,879	21,382	403,695	4,770	3,050	17,513	-	75,374	310,819	(70,115)	1,069,369	-	1,216,439
	2010-11	100,949	(2,704)	(268)	(2,972)	597,002	521,150	40,797	35,055	7,152	(4,204)	5,094	-	31,579	228,596	31,737	889,955	-	994,932
Premiums Earned (Net)	2011-12	289,255	141,787	56	141,843	5,903,076	4,461,902	314,996	1,126,178	62,119	43,832	80,173	-	212,087	1,729,714	229,203	8,260,203	-	8,691,300
	2010-11	186,143	121,931	324	122,255	4,350,219	3,386,979	265,142	698,098	44,338	32,482	94,416	-	162,781	1,080,589	200,447	5,965,271	-	6,273,668
Profit / (Loss) on Sale / Redemption of Investments	2011-12	515	201	-	201	4,232	3,953	279	-	56	37	145	-	310	679	147	5,605	3,406	9,727
	2010-11	613	222	2	224	10,762	4,968	389	5,405	74	55	220	-	329	1,127	417	12,985	4,655	18,477
Other income	2011-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2010-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others: Administrative Charges	2011-12	269	229	-	229	-	-	-	-	1	4	62	-	36	7	38	147	-	645
	2010-11	354	228	-	228	-	-	-	-	-	4	137	-	15	13	(4)	164	-	746
Interest and Dividend - Gross	2011-12	59,162	14,785	-	14,785	543,812	291,362	20,569	231,881	4,104	2,716	16,542	-	22,885	50,036	10,814	650,909	251,100	975,956
	2010-11	44,275	8,288	64	8,352	330,753	184,938	14,477	131,338	2,759	2,045	8,194	-	12,245	41,972	15,535	413,504	173,292	639,422
Total Segmental Revenue	2011-12	349,201	157,002	56	157,058	6,451,119	4,757,217	335,844	1,358,059	66,280	46,589	96,921	-	235,319	1,780,435	240,201	8,916,864	254,506	9,677,628
	2010-11	231,384	130,669	390	131,060	4,691,734	3,576,884	280,008	834,841	47,171	34,585	102,967	-	175,370	1,123,702	216,395	6,391,924	177,947	6,932,313
Claims Incurred (Net)	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	-	6,581,753
	2010-11	121,653	73,565	292	73,858	3,731,355	2,034,975	258,695	1,437,685	13,802	(587)	47,248	-	70,122	737,454	62,897	4,662,291	-	4,857,802
Commission	2011-12	1,555	(38,886)	(38,886)	(38,886)	188,262	175,847	12,414	(1,468)	(1,468)	4,372	(11,934)	-	(13,060)	16,721	(8,721)	174,153	-	136,820
	2010-11	(40,368)	(43,241)	(4)	(43,245)	117,910	109,349	8,560	(32,667)	1,426	732	(21,959)	-	(23,667)	(3,298)	(5,360)	65,785	-	(17,827)
Operating Expenses Related to Insurance Business	2011-12	126,347	69,428	-	69,428	2,004,792	1,865,448	131,695	7,649	8,711	14,597	42,403	-	150,188	332,589	55,055	2,608,332	-	2,804,107
	2010-11	154,357	81,206	16	81,222	1,567,704	1,443,504	113,001	11,199	13,148	8,164	52,897	-	70,924	290,774	91,876	2,095,487	-	2,331,066
Expenses Related to Non Insurance Business	2011-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2010-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium Deficiency	2011-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2010-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenses	2011-12	285,163	140,780	-	140,780	7,012,292	4,656,840	565,880	1,789,571	15,445	26,854	69,582	-	245,659	1,672,678	54,231	9,096,737	-	9,522,680
	2010-11	235,643	111,531	304	111,835	5,416,968	3,587,829	380,256	1,448,883	28,376	8,309	78,186	-	117,379	1,024,931	149,413	6,810,737	-	7,158,216
Segmental Profit / (Loss)	2011-12	64,038	16,222	56	16,278	(561,172)	100,376	(230,036)	(431,512)	50,836	19,735	27,339	-	(10,341)	107,757	185,970	(179,873)	254,506	154,949
	2010-11	4,486	19,139	86	19,225	(725,235)	(10,944)	(100,248)	(614,042)	18,795	26,276	16,036	-	57,991	98,771	66,982	(418,813)	177,947	(225,902)
Provision For Taxation (net of MAT Credit)	2011-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(36,290)
	2010-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,436
Net Profit / (Loss) for the year	2011-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	191,239
	2010-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(229,336)
Net incurred Claims / Net Earned Premium (%)	2011-12	54%	78%	0%	78%	82%	59%	134%	156%	13%	18%	49%	-	51%	77%	3%	76%	-	76%
	2010-11	65%	60%	90%	60%	86%	60%	98%	206%	31%	-2%	50%	-	43%	68%	31%	78%	-	77%

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



# Summary of Financial Statements



Registration No: 123

Date of Registration with IRDA: July 15, 2002

(Rs. '000)

Sl. No	Particulars	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
	<b>OPERATING RESULTS</b>								
1	Gross Premium Written (Note 1)	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)	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)	731,176	479,953	400,694	282,980	183,924	94,743	69,500	43,675
4	Others	645	746	714	1,201	1,268	1,127	4,500	905
5	Total Income	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)	136,820	(17,827)	(214,478)	(280,063)	(226,559)	(211,475)	(217,200)	(121,900)
7	Operating Expenses (Note 4)	2,804,107	2,331,067	1,939,517	1,639,532	1,321,193	794,856	571,300	428,616
8	a) Claims	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	1,216,439	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)	(99,559)	(403,850)	(156,940)	20,568	25,002	75,211	(85,400)	(97,364)
	<b>NON-OPERATING RESULT</b>								
10	Total Income under Shareholders' Account	254,506	177,946	175,442	97,925	80,397	62,662	60,439	64,000
11	Profit / (Loss) before tax	154,949	(225,903)	18,502	118,493	105,399	137,872	(24,961)	(33,364)
12	Provision for Tax	(36,290)	3,435	(5,082)	48,581	33,023	13,004	6,214	-
13	Profit / (Loss) after Tax	191,239	(229,339)	23,584	69,912	72,375	124,869	(31,174)	(33,364)
	<b>MISCELLANEOUS</b>								
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	2,836,450	2,669,600	2,669,600	1,419,600	1,419,600	1,419,600	1,419,600	1,419,600
17	Net Worth	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)	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	8.50%	7.84%	8.60%	8.02%	8.01%	6.17%	5.58%	5.60%
20	Incurred claims ratio (NIC/ NEP)	75.73%	77.43%	74.49%	71.56%	62.55%	55.60%	77.98%	77.01%
21	Commission ratio (Commission / Net written premium)	1.38%	-0.25%	-4.17%	-6.45%	-7.06%	-13.28%	-22.04%	-13.62%
22	Expenses ratio (Expenses / Gross direct premium)	20.82%	24.08%	24.71%	23.92%	25.29%	25.50%	25.95%	25.32%
23	Earnings per Share (Rs.) (Note 7)	0.69	(0.86)	0.11	0.49	0.51	0.88	(0.22)	(0.24)
24	Book Value per Share (Rs.)	11.82	9.63	10.46	10.39	10.10	9.72	8.89	9.11
25	Total Dividend	-	-	-	-	-	-	-	-
26	Dividend per Share (Rs.)	-	-	-	-	-	-	-	-
27	Solvency Margin (times)	1.33	1.61	1.76	1.02	2.00	2.63	2.51	2.56
28	Solvency Margin (times) (Regulatory Requirement)	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.
- Pursuant to Para 10 of IRDA (Investment) (Fourth Amendment) Regulations 2008, Rs. 9,221,479 thousands of the investments representing the Technical Reserves as at March 31, 2012 has been notionally allocated as Policy holders' 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:

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Profit / (Loss) after taxation	191,239	(229,339)	23,584	69,912	72,375	124,869	(31,174)	(33,364)
Weighted average number of equity shares outstanding	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 Rs)	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

Sl.No.	Type of Ratio	Method of Computing	2011-12	2010-11
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 Premium to Shareholders' Fund Ratio	Gross Premium for the Current Year / (Paid up capital plus Free Reserves)	4.60	3.77
3	Growth Rate of Shareholders' Funds	Shareholders' funds as at the current balance sheet date / Shareholders' funds as at the previous balance sheet date	0.27	(0.08)
4	Net Retention Ratio (Segment wise)	Net Premium / Gross Premium	Schedule 2	Schedule 2
5	Net Commission Ratio (Segment wise)	Commission net of Reinsurance / net premium	Schedule 3	Schedule 3
6	Expenses of Management to Gross Direct Premium Ratio (Note 1)	Expenses of management / gross direct premium	0.21	0.24
7	Combined Ratio (including Motor Pool)	Claims paid plus expenses of management plus commission / Gross premium	0.86	0.94
8	Combined Ratio (excluding Motor Pool)	Claims paid plus expenses of management plus commission / Gross premium	0.73	0.79
9	Technical Reserves to Net Premium Ratio	Reserve for unexpired risks plus deficiency reserve plus reserve for outstanding claims / Net premium	0.67	0.69
10	Underwriting Balance Ratio (Segment wise) (Note 2)	Underwriting profit / Net premium	Schedule 4	Schedule 4
11	Operating Profit Ratio	Underwriting profit plus investment income / Net premium	0.0156	(0.0311)
12	Liquid Assets to Liabilities Ratio (Note 3)	Liquid assets of the insurer / policy holders' liabilities	0.47	0.26
13	Net Earning Ratio	Profit after tax / Net premium	0.02	(0.03)
14	Return on Net Worth	Profit after tax / Net worth	0.06	(0.09)
15	Reinsurance Ratio	Risk reinsured (Premium on reinsurance ceded) / Gross Premium	0.38	0.33

## 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 receivables relating to IMTPIP Claims.



Registration No: 123

Date of Registration with IRDA: July 15, 2002

	Year	Fire	Marine		Miscellaneous								Total		
			Cargo	Other than Cargo	Total	Motor	Workmen's Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance		Others	Total Misc.
Schedule 1	Gross Premium for the Current Year / Gross Premium for the previous year	2011-12 2010-11	1.16 1.05	- 0.01	1.16 1.03	1.41 1.39	1.30 1.31	1.35 0.73	1.03 1.07	- -	1.46 1.10	1.55 0.99	0.99 0.91	1.41 1.25	1.39 1.23
Schedule 2	Net Retention Ratio (Net Premium / Gross Premium)	2011-12 2010-11	0.33 0.27	- 0.51	0.33 0.27	0.75 0.68	0.90 0.90	0.62 0.50	0.40 0.38	- -	0.61 0.60	0.89 0.88	0.57 0.82	0.76 0.71	0.74 0.67
Schedule 3 (Note)	Net Commission Ratio (Commission Paid Net of Reinsurance / Net Premium)	2011-12 2010-11	(0.24) (0.36)	- (0.07)	(0.24) (0.36)	0.03 0.02	(0.02) 0.03	0.09 0.03	(0.12) (0.22)	- -	(0.05) (0.12)	0.01 (0.00)	(0.05) (0.02)	0.02 0.01	0.01 (0.00)
Schedule 4	Underwriting Balance Ratio (Underwriting Profit / Net Premium)	2011-12 2010-11	0.01 0.09	- 0.36	0.01 0.09	(0.17) (0.22)	0.70 0.31	0.36 0.85	0.11 0.16	- -	(0.12) 0.23	0.03 0.04	1.10 0.22	(0.09) (0.13)	(0.08) (0.12)

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



### **Cautionary Statement**

*Certain expectations and projections regarding the future performance of the Company referenced in this annual report constitute forward-looking statements. These expectations and projections are based on currently available competitive, financial and economic data, alongwith the Company's operating plans and are subject to certain future events and uncertainties, which could cause actual results to differ materially from those indicated by such statements.*

*We undertake no obligation to publicly update any forward-looking statements in this report, whether as a result of new information, future events or otherwise.*

# Coverage you can bank on.



**Motor  
Insurance**



**Health  
Insurance**



**Travel  
Insurance**



**Home  
Insurance**



**Personal Accident  
Insurance**



**Commercial  
Insurance**



**Chola MS**

GENERAL INSURANCE

TRUST TRANSPARENCY TECHNOLOGY



**YEARS OF  
ENSURING  
HAPPINESS**

Cholamandalam MS General Insurance Company Ltd.  
(A joint venture between Murugappa Group & Mitsui Sumitomo Insurance Group)  
Reach us at [cholainsurance.com](http://cholainsurance.com) • Call us at 1800 200 5544

