



GROWING TOGETHER



Growing Together

Happy hands are symbolic of happy hearts and healthy minds. They also illustrate the fact that all our stakeholders - Shareholders, Management, Employees, Partners, Agents, Suppliers - are wholeheartedly united in the pursuit of 'Accelerated Growth and Continuous Profitability'. It showed in our performance - a GWP of `24,658 million (30% growth over previous year) and PBT of `2131 million. Happy hands also aptly signify the enactment of our brand philosophy, 'With you when you need us most'. During the floods that ravaged parts of Tamil Nadu, we were there lending many a helping hand and enabling people to reclaim their lives. As we move forward, let's continue to join hands and keep growing together.

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Board of Directors

Pradeep V Bhide	Chairman
A V Muralidharan	Director
Shubhalakshmi Panse	Director
N S R Chandra Prasad	Director
N Srinivasan	Director
Tamaki Kawate (from April 27, 2016)	Director
Maki Kumagai (till April 27, 2016)	Director
S S Gopalarathnam	Managing Director
Takahiko Shibakawa	Wholetime Director

Top Management Team

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

Auditors

M/s. Brahmaya & Co.

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

M/s. Sharp & Tannan

Chartered Accountants
Parsn Manere, 'A' Wing, 602, Anna Salai, Chennai - 600 006

Registered Office:

CIN : U66030TN2001PLC047977
"Dare House", II Floor, N.S.C Bose Road, Parrys, Chennai - 600 001.
Phone: 91-44-30445400, Fax: 91-44-30445550, Toll Free No. 1800 200 5544
W: cholaininsurance.com



Financial Highlights

₹ in million

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Gross Written Premium - Direct	3117	5223	6854	7849	9680	13465	16209	18551	18904	24520
Net Earned Premium	1273	2489	3854	4623	6274	8691	11674	14314	14821	16908
PBT before IMTPIP	138	186	251	162	388	586	1124	1565	2013	2138
PBT	138	105	118	19	(226)	155	890	1015	2007	2131
PAT	125	72	70	24	(229)	191	602	701	1371	1479
Net Worth	1380	1434	1475	2793	2570	3257	4359	5824	7190	8529
Fixed Assets (net)	115	230	281	140	289	359	496	577	617	615
Investment portfolio	2543	3300	3648	5721	9661	12573	17242	23282	31646	38607
Earnings per Share (₹)	0.88	0.51	0.49	0.11	(0.86)	0.69	2.08	2.37	4.59	4.95
Book Value per Share (₹)	9.72	10.10	10.39	10.46	9.63	11.48	14.93	19.49	24.06	28.54

PBT - Profit before tax

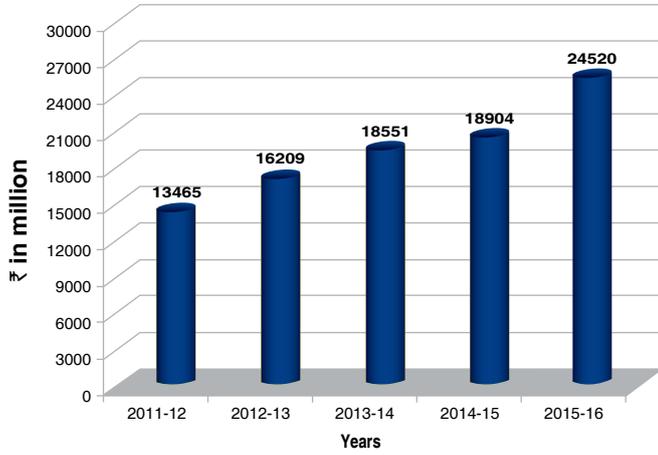
IMTPIP - Indian Motor Third Party Insurance Pool

PAT - Profit after tax

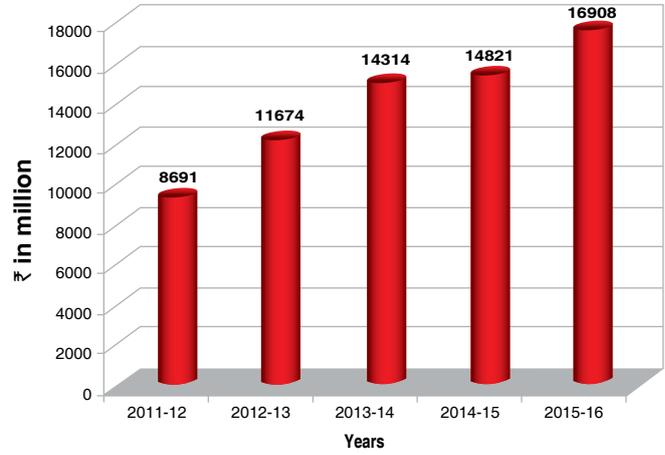
Key Financial Indicators



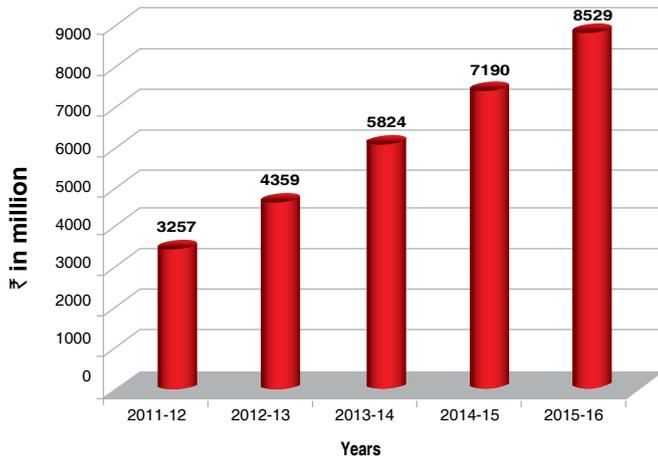
Gross Written Premium - Direct



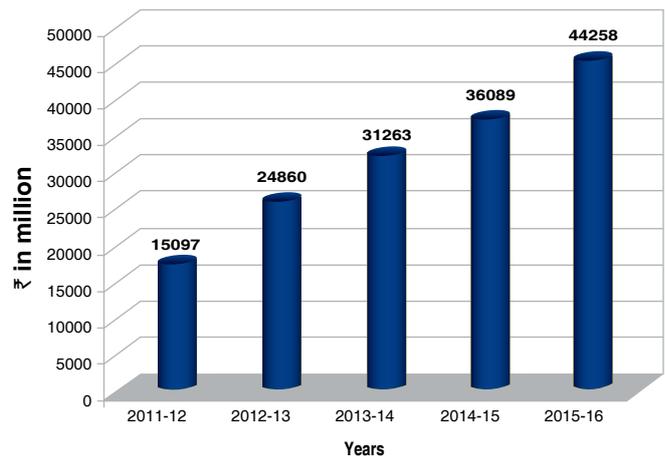
Net Earned Premium (Including IMTPIP)



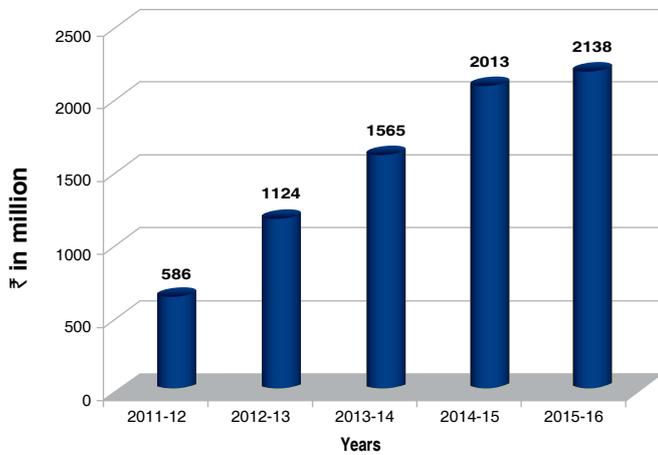
Net Worth



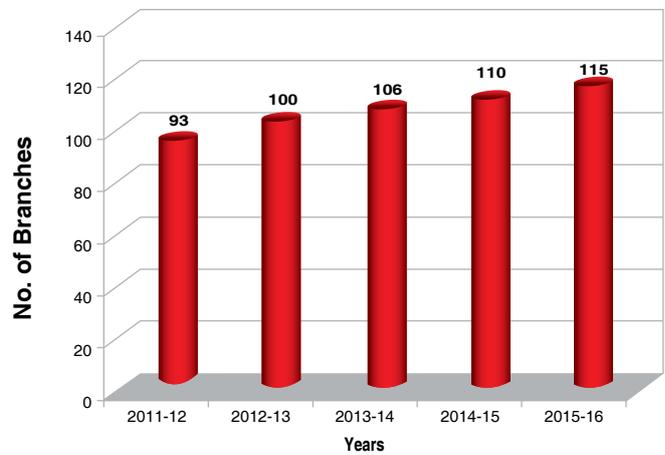
Total Assets



PBT before IMTPIP



Branch office network





Chairman's Message



Dear Shareholders,

FY 2016 was an eventful year for India. The range of policy initiatives taken by the Government have led to renewed optimism about the future prospects of the Indian economy. The country's fundamental economic growth drivers continue to be strong and the right policy measures should see us achieving a sustainable higher growth trajectory. Today, India is in a much better position on many macroeconomic parameters.

With an expanding economy, a young and aspiring population and low insurance penetration, the domestic general insurance industry is expected to grow at a robust space. The general insurance industry has grown around 12.6% over the previous year and the insurance size is around ₹ 874 billion. The sector has the potential for sustained high growth given the low penetration of non-life insurance and increasing consumer awareness of the need for risk mitigation. Enhancing the foreign ownership limit in the Insurance sector from 26% to 49% would attract more investments in this sector which would result in increasing the penetration levels and growth of the industry.

It is heartening to note that, Chola MS grew by a robust 30% over the previous year as against the industry growth of 12.6% and has increased its market share to 2.8%. The Company has been able to leverage its relationships across channels and is aggressively looking out for new tie-ups.

At Chola MS, we are poised to strengthen our position in an industry, which is getting increasingly competitive with new players entering the sector and existing one consolidating. We continue to enjoy the trust and support of a wide range of customers and are committed to address their risk protection needs and grow sustainably. Service to the customer has taken the centre-stage in all facets of financial services and as we cherish the trust that our customers and stakeholders place in us, we continue to work towards strengthening this faith through our product and service initiatives. Technological advancements, especially in the online space, are becoming critical to the ability of an organisation to service its customers effectively. Chola MS has taken significant steps in terms of adopting the latest technology and introducing innovative services for customers on the online platform.

We remain committed to setting industry standard service excellence levels in order to ensure customer delight, which is at the very core of our business. We will also keep optimising our investments and pave the way for sustained and profitable growth in future.

The performance of the company and the future prospects of the industry and in particular of Chola MS, has resulted in Mitsui Sumitomo General Insurance, the joint venture partner, reposing confidence by increasing its stake in the Company to 40%.

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

I take this opportunity to thank all the stakeholders for their support in steering the Company in the right direction and delivering results despite a challenging business environment. I would like to thank each and every one of our employees whose commitment and passion made 2015-16 yet another successful year for the Company.

Best Wishes

Pradeep V Bhide

MD's Message



Dear Shareholders,

At the outset, let me take this opportunity to thank our joint venture partner Mitsui Sumitomo Insurance Company Limited (MSI), Japan for reiterating faith on us and increasing their stake to 40%.

The financial year 2015-16 has been an eventful and successful year in the history of Chola MS. The Company has achieved a robust growth rate of 30% over the previous year as against the industry growth of 12.6% and has improved its market share to 2.8% with a gross direct premium of ₹ 24520 million during the year. The robust growth was driven by new partnerships secured during the year and strong growth achieved in proprietary channels. The Company has reported profit before tax of ₹ 2131 million.

The Gross Direct Premium of non-life insurers (excluding Standalone Health) is reported at around ₹ 874 billion. The market share of public sector companies was 55% and the private sector companies with a year-on-year growth of 13% constituted 45%.

During the year under review, lot of regulatory changes were announced including increasing FDI limit to 49%, empowering regulator (IRDAI) to regulate key aspects of insurance companies, announcement of new crop insurance (PMFBY) and Personal Accident (PMSBY) schemes etc., which drastically changed the general insurance landscape in India. The Regulator has come out with significant guidelines / regulations relating to corporate agency, point of sales person, expense of management, health insurance, Motor TP and product filing. Automobile Industry showed signs of recovery with marginal increase in new automobile sales.

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

Next year, the overall Indian economy is expected to grow primarily driven by domestic demand and expected normal rainfall. With this background, we will work towards our vision of being the preferred choice for the clients, business partners and employees through core values of trust and transparency aided by technology. Our mission will be to bring "Peace of Mind" to our clients by protecting them from financial risks.

I take this opportunity to thank the customers, regulator, business partners, intermediaries, reinsurers and vendors for their support and contribution in our growth. I also wish to place my sincere thanks to our shareholders – Tube Investments of India Limited and MSI, Japan for their support and faith in us.

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

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

Regards,

S S Gopalarathnam



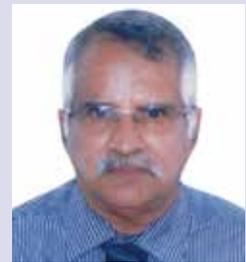
Profile of Directors



Mr. Pradeep V Bhide
Chairman
(DIN : 03304262)

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

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



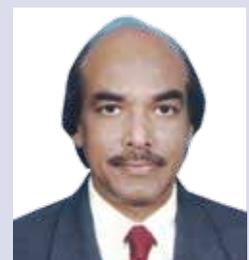
Mr. A V Muralidharan
Independent Director
(DIN: 00015725)



Ms. Shubhalakshmi Panse
Independent Director
(DIN: 02599310)

Ms. Panse, is a M.Sc. graduate from Pune University, CAIIB and holds DBM (Diploma in Business Management) & MMS (Masters in Management Sciences with specialization in Financial Management) from Pune University and also MBA in Bank Management from Drexel University, USA. She has over 39 years of experience in the field of Banking. Ms. Panse has served as Chairman cum Managing Director of Allahabad Bank, Chairman of ALLBANK Finance Limited and the Executive Director of Vijaya Bank Limited. She is on the Boards of various companies including Federal Bank Limited, IL & FS Financial Services Limited, L&T Infrastructure Development Projects Limited, Sudharshan Chemical Industries Limited, KSK Energy Ventures Limited and has been associated with the Company as a director since March 2015.

Mr. N S R Chandra Prasad is a Commerce graduate from Andhra University, FIII and CAIIB by qualification. He has over 36 years of experience in insurance industry and has held key positions in Marketing, Operations, Technical, Reinsurance, Personnel & Training both in India and overseas. He was the Chairman cum Managing Director of National Insurance Company Limited. He has held directorships in various companies including GIC Re, GIC Housing Finance Ltd., Prestige Assurance Plc, Lagos (Nigeria), Globe Re PLC, Lagos (Nigeria), Health Insurance TPA of India Limited. Mr. Prasad has been associated with the Company as a director since July 2015.



Mr. N S R Chandra Prasad
Independent Director
(DIN : 01386757)



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

Mr. Srinivasan is a Commerce graduate and is a member of the Institute of Chartered Accountants of India and Institute of Company Secretaries of India. He has over 32 years of varied experience in the areas of corporate finance, legal, projects and general management. Mr. Srinivasan is the Group Director - Finance, of Murugappa Group and is a Board member of Tube Investments of India Limited, Cholamandalam MS Risk Services Limited and is the Vice Chairman of Cholamandalam Investment and Finance Company Limited. Mr. Srinivasan has been associated with the Company as a director since August 2007.

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



Mr. Tamaki Kawate
Non-Executive Director
(DIN : 07496365)



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

Mr. Gopalarathnam is a Commerce graduate, a fellow member of the Institute of Cost & Works Accountants of India and has done an advanced management program in Harvard University. He has been associated with the Murugappa Group for nearly 37 years since 1979 in various leadership roles. He spent 21 years in Tube Investments of India Limited in various roles like Finance, Exports and Business operations and was head of Corporate & Strategic planning at the Murugappa Group for 1 1/2 years and is a founder member of Cholamandalam MS General Insurance Company Limited from the inception since 2001. Mr. Gopalarathnam is a director on the Board of Cholamandalam MS Risk Services Limited.

Mr. Takahiko Shibakawa holds Bachelor's degree in Economics from Kobe University and is working with Mitsui Sumitomo Insurance Company Limited since 1984. Mr. Shibakawa has over 32 years of experience in general insurance industry and is a Board member of Cholamandalam MS Risk Services Limited. Mr. Shibakawa has been associated with the Company as a director since April 2015.



Mr. Takahiko Shibakawa
Wholetime Director
(DIN: 07099972)



Directors' Report to Members

Your directors have pleasure in presenting the fifteenth annual report together with the audited financial statements of the Company for the year ended March 31, 2016.

FINANCIAL HIGHLIGHTS

(₹ in million)

Particulars	2015-16	2014-15
Gross Written Premium (GWP)		
a) Direct	24520	18904
b) Reinsurance Acceptance	138	60
Total GWP	24658	18964
Net Earned Premium	16908	14821
Net Claims Incurred	11993	10739
Net Commission and expense of management	5804	4644
Investment Income	3027	2575
Operating Profit	2138	2013
Motor pool losses & Declined pool losses (Net of investment income)	(7)	(6)
Profit before tax	2131	2007

INDUSTRY SCENARIO

The Gross Direct Premium of non-life insurers (excluding Standalone Health) is reported at around ₹ 874 billion, a growth of around 12.6% over the previous year. The market share of public sector companies was 55% and the private sector companies with a year-on-year growth of 13% constituted 45%. Motor, Health and Fire Insurance continued to constitute a significant portfolio at about 82%.

The growth in health insurance lines of business (including Standalone Health insurers' volume) was at 22% in FY16 compared to 16% in FY15.

SUMMARY OF COMPANY PERFORMANCE

The Company achieved a Gross Written Premium (GWP) of ₹ 24658 million registering a robust growth rate of 30% over the previous year. The Company's market share as at March 31, 2016 was 2.8% (among general insurance companies). The robust growth was driven by new partnerships secured during the year and strong growth achieved in proprietary channels.

Together with investment income, the Company recorded its highest ever operating profits. The Company has recorded ₹ 2131 million as profit before tax during the year.

BUSINESS OPERATIONS

Growth in business operations was primarily driven by strong performance in all retail channels (31% YOY growth) with an increase of 24% in overall customer base.

Partnership distribution channels including Bancassurance grew by 36%. Business finalised tie-ups with new strategic partners in Housing Finance and Commercial Vehicle financing space which led incremental volume growth. Existing partnerships scaled up volumes in all lines with significant growth in Health and Accident bundled products.

In Proprietary distribution, the Company entered into multiple new OEM tie-ups. Volumes grew across all channels of Agency, Retail Broking, OEM's and Motor dealer channels with distribution build increasing significantly leading to a 32% overall growth in proprietary channels. More than 2500 new agents were added and focus on sourcing business from priority geographies and preferred product segments continued.

Business teams across all retail channels continued to drive digitization of customer acquisition and policy issuance with approximately 40% of all policies being issued through electronic / mobile modes.

Business teams continued their emphasis on rural markets and Government programs with the company participating in Government administered Crop, Weather and Health / Accident Insurance programs across UP, Rajasthan, Himachal Pradesh, West Bengal, MP, Uttarakhand and Assam.

The Company continued to build its social media presence through targeted campaigns and activities leading to a fan base of 2.5 lac on "Chola MS Facebook and Slice of Health" pages.

UNDERWRITING

Pricing continued to be a concern with discounts over 95% levels in fire and engineering as far as commercial lines are concerned. Newer companies compete more on pricing for top line growth. The discounts levels were significantly lower in Banca and retail sourced business in Fire and Engineering portfolio. Motor also witnessing higher discounts compared to last year across all channels.

However the NAT CAT rates have improved by over 15% which is expected to slightly improve the premium levels in fire business.

CLAIMS

The year under review witnessed the claims management function significantly stepping up speed



of disposal while handling larger volumes, higher efficiency and productivity through automation etc., and controls on severity resulting in the overall reduction of net claims ratio to 72.38% in FY 2015-16 from 74.63% in FY 2014-15.

Key highlights included:

- (a) Outstanding claims over 90 days across lines lower than the previous year with improved metrics on disposal in motor own damage, health and commercial lines claims etc.
- (b) Chennai floods in December 2015, resulted in over 1700 claims in motor and 400 claims in commercial lines. 97% of the motor claims and 82% of commercial lines claims have been disposed.
- (c) Additions to the network of hospitals and garages expanding the service network for the policy holders - over 5050 hospitals and 3000 garages.
- (d) Stepping up of negotiated settlements in motor third party to over 12700 numbers (highest amongst private sector players) and securing over 1050 exonerations ensuring crystallisation / closure of liability. This incidentally resulted in accolades from several Motor Accident Claims Tribunals (MACT).
- (e) Improved work flow automation in claims functioning and introduction of strong business intelligence facilitating real time analysis and decision making.
- (f) Strong quarter-on-quarter reduction in customer complaints on claims servicing.

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

REINSURANCE

The international reinsurance market was soft whereas the Indian market was hard due to the CAT losses in the Indian market. Chola MS was also affected by the CAT losses due to Chennai floods. Chola MS negotiated and completed the RI placement for the year 2016-17 with better terms in Marine & Miscellaneous Surplus Treaties while maintaining capacity in Fire & Engineering Surplus Treaties. Chola MS continued the lead with General Insurance Corporation of India (GIC) for all its proportional and non proportional programs except for the agricultural reinsurance programs which is lead by Swiss Re.

INVESTMENTS

The Company's investment portfolio including motor pool investments grew to ₹ 38748 million as at March 31, 2016 (₹ 31641 million as at March 31, 2015). The prudent investment management policy with its emphasis on the objectives of safety, liquidity and optimizing yield despite volatile market conditions helped in growing the investment income and in securing a gross yield of 9.58% (previous year 10.06%). The investment portfolio duration was at 3.42 years with adequate liquidity. The unrealized gain on the Investment book stood at ₹ 236 million as at March 31, 2016.

HUMAN RESOURCES

Recruitment

Total recruitments during the year was 197 across all locations in India and headcount as on March 31, 2016 was 787.

Employee Engagement

Engaged Employee is a happy employee and Chola-MS is conscious to keep employees engaged with the organization and from time to time conduct a survey to evaluate engagement and take corrective actions. This year the Company conducted Voices – Employee Engagement Dipstick Survey in February 2016 which will be used to fine tune the engagement plans for 2016-17.

Learning & Development

- Training Programs both internal and external covering Functional, Behavioural and Insurance domains were imparted.
- Achieved an average of 3.08 man days of training per person for the financial year.
- PRIDE – a two day Personal Effectiveness Program was launched and over 500 employees underwent this program.
- Competency Development Program was initiated this year in terms of defining work levels, mapping employees to work levels and defining competency dictionary for work levels. A 180/360 tool is also deployed on "Chola Engage" for competency evaluation.

INFORMATION TECHNOLOGY

The year 2015-16 was one of the eventful years in the annals of Company's IT initiatives, with key landmarks achieved in the journey. Important business enablers interalia include the following:

- Real-time integration with various partners' systems.



- Total adoption of Business Intelligence across functions, leading to an effective decision support system in place.
- “Travel On the Go”, a mobile App, enabling instant policy issuance to the end customers directly.
- Break-in mobile App, for vehicles inspection on the field and thus better control on underwriting insurance break-in motor risks.
- Automation of data flow from Chola MS to ETASS, the coinsurance software, rolled out by GI Council.

SUPPORT FROM MSI

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

CHANGE IN THE SHAREHOLDING

During the year, the Foreign Direct Investment Rules were amended as per which foreign holding in an Insurance Company was increased upto 49% of the Insurer’s share capital. Pursuant to this, MSI increased their shareholding in the Company from 26% to 40% of the share capital by purchasing 41832798 equity shares of ₹10/- each from Tube Investments of India Ltd. This increased shareholding reflects the confidence and trust of MSI in the Company which has been created over a period of years.

NETWORTH AND SOLVENCY

The paid-up capital as at March 31, 2016 was at ₹ 2988 million and the networth as at that date was ₹ 8529 million. During the year, the Company has not issued any new shares.

The Company’s solvency ratio as at March 31, 2016 was 1.61 times as against the mandated threshold of 1.50 times.

ADOPTION OF INDIAN ACCOUNTING STANDARDS

IRDA has come out with Circular No. IRDA/F&A/CIR/IFRS/038/03/2016 dated March 1, 2016 on implementation of Indian Accounting Standards (Ind AS) in insurance sector. In accordance with the said circular, insurers shall comply with the Ind AS for

financial statements for accounting period beginning from April 1, 2018, with comparatives for the period ending March 31, 2018. The Company has formed a Steering Committee to initiate the implementation process.

DIVIDEND

Though the Company has reported net profits of ₹ 2131 million, the Board does not recommend any dividend for the financial year, considering the need for capital to support planned business growth of the current financial year.

TRANSFER TO RESERVES

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

OUTLOOK FOR 2016-17

Considering the predictions of a good monsoon and expected high domestic demand and increased consumption, the industry growth in 2016-17 is expected to be around 15%. The industry is expected to grow faster with revival in the agriculture and auto sector and the increased growth in the health line of business. Efforts from all players in deepening the penetration in the industry should help in sustaining the growth momentum which should result in improved operating results.

The entry of new players, proposal to permit newer channels are likely to alter the market dynamics and pose a fresh set of challenges. Coupled with this, the revamping of various existing regulations should also help in increased market penetration and introduction of new products to meet the consumer demand.

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

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

CORPORATE GOVERNANCE

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

BOARD MEETINGS

The Board of Directors meet at regular intervals with an annual calendar of meetings circulated at the beginning of the year. The Board is regularly briefed



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

The dates of Board and Committee meetings are fixed in advance for the full calendar year to enable maximum attendance from Directors. The notice of meetings are given well in advance to all Directors. Agenda for Board and Committee meetings are circulated at least a week prior to the date of the meeting.

There are eight Committees of the Board. Details of all the Committees along with their terms of reference, composition and meetings held during the year, are provided in the Corporate Governance report.

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

BOARD EVALUATION

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

A structured questionnaire was prepared covering various aspects of Board's functioning such as Board's structure, governance, dynamics and functioning and financial reporting process, internal control and risk management. The Chairman briefed the Board on the evaluation conducted.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

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

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

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions entered by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee for approval. Details of related party transactions are dealt with in note 20 of Schedule 16 to the financial statements.

DIRECTORS

Appointment

During the year, Mr. N S R Chandra Prasad was appointed as an additional director in the category of Independent Director with effect from July 29, 2015.

Mr. Tamaki Kawate was nominated by MSI. The Board appointed Mr. Kawate as an additional director with effect from April 27, 2016.

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

The Company has received notice from members under the provisions of section 160 of the Act alongwith the necessary deposit proposing the appointment of Mr. Chandra Prasad and Mr. Kawate as directors. Your directors recommend the appointment of Mr. N S R Chandra Prasad as Independent Director, for a period of three consecutive years upto the conclusion of eighteenth annual general meeting and the appointment of Mr. Tamaki Kawate as non executive director to the general body.

Changes

During the year, Mr. R Beri, Director, retired at the fourteenth annual general meeting and did not seek re-appointment.



The nomination of Mr. Maki Kumagai was withdrawn by MSI and Mr. Kumagai resigned from the Board with effect from April 27, 2016. The Board places on record its appreciation for the contributions made by Mr. R Beri and Mr. Kumagai during their tenure of office.

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

AUDIT COMMITTEE

During the year, the Audit Committee was reconstituted consequent to change in Board composition. The Committee comprises of three independent directors viz., Mr. A V Muralidharan, Mr. N S R Chandra Prasad and Ms. Shubhalakshmi Panse and two non executive directors viz., Mr. N Srinivasan and Mr. Tamaki Kawate.

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

KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of the Company as at March 31, 2016, in terms of the provisions of section 203 of the Companies Act, 2013 are Mr. S S Gopalathnam, Managing Director, Mr. Takahiko Shibakawa, Wholetime Director, Mr. S K Rangaswamy, Chief Financial Officer and Mr. Suresh Krishnan, Company Secretary.

STATUTORY AUDITORS

M/s. Brahmayya & Co, Chartered Accountants, Chennai, have been the joint statutory auditors of the Company since 2011-2012 and have completed 5 years of audit.

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

M/s. Brahmayya & Co. retire at the ensuing annual general meeting and the Board recommends the appointment of M/s R G N Price & Co., Chartered Accountants, as statutory auditors for a period of five years commencing from the conclusion of the fifteenth annual general meeting till the conclusion of twentieth annual general meeting subject to ratification of such appointment by members at every annual general meeting. M/s R G N Price & Co., have confirmed to the Company on the satisfaction of the eligibility criteria prescribed vide IRDA circular dated July 25, 2005 and section 141 of the Companies Act, 2013.

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

The Board recommends appointment of M/s. R G N Price & Co. and ratification of the appointment of M/s Sharp & Tannan as statutory auditors to the shareholders.

SECRETARIAL AUDIT

In terms of the requirements of section 204 of the Companies Act, 2013, M/s. R Sridharan & Associates, Practising Company Secretaries, were appointed as Secretarial Auditors by the Board to conduct secretarial audit for FY 2015-16. The secretarial audit report is appended to this report as **Annexure E**.

RISK MANAGEMENT

The Company has in place risk management policy and an appropriate risk management system covering various risks that the Company is exposed to, which are discussed and reviewed by the Risk Management Committee of the Board on a quarterly basis. The Risk Management Committee also periodically reviews the changes in the risk categorization both in terms of risk improvements and risk deterioration as well as emerging risks in terms of new risks identified. The Company has established a business continuity management framework for mitigating business disruption risks. The asset liability management is reviewed by the Risk Management Committee of the Board on a quarterly basis. The Board reviews the risk management initiatives undertaken by the Committee every year.

INTERNAL CONTROL SYSTEM

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



During the year, internal audit of process was conducted by M/s Grant Thornton, internal auditor and the transaction audit was conducted by in- house internal audit team. Key observations, recommendations and compliance status of the previous critical audit findings of internal auditors are reported to the Audit Committee at its quarterly meetings. The Chairman of the Audit Committee briefs the Board on deliberations taken place at the Audit Committee meetings.

In accordance with the guidance note and the standards on Auditing, issued by ICAI and the provisions prescribed under section 143 of the Companies Act, 2013, the statutory auditors have conducted audit about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. The report on internal financial controls forms part of the Auditors' Report.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Corporate Social Responsibility (CSR) Committee comprises of Mr. Pradeep V Bhide, Mr. A V Muralidharan, Mr. S S Gopalarathnam and Mr. Takahiko Shibakawa as its members. CSR policy in line with the Murugappa Group philosophy and the provisions of section 135 of the Act read with Schedule VII and the Rules made there under was put in place comprising of programs viz., a) providing basic health care facilities to economically backward societies across geographical areas b) improving access to education c) provision of skill development / vocational training d) rural development e) environmental sustainability f) promoting sporting, arts & culture g) sustainable livelihood. CSR policy is attached as **Annexure F** to the report and has also been posted on the website of the Company.

The Company earmarked an amount of ₹ 26.08 million towards CSR spend. The Company spent ₹ 26.14 million towards CSR activities approved by the Committee which was in excess of the prescribed limit.

In addition to the above, the Company contributed ₹ 5 million to Chief Minister's Public Relief Fund towards flood relief activity in Tamil Nadu consequent to unprecedented rains during December 2015.

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

PUBLIC DEPOSITS

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

LOANS, GUARANTEES AND INVESTMENTS

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

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

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

Particulars required to be furnished in this report under Section 134(3) of the Companies Act, 2013 and the rules made thereunder, relating to conservation of energy and technology absorption are not applicable for the year under review, and hence not furnished. The foreign exchange earnings and outgo during the year was ₹ 2296 million and ₹ 1918 million respectively.

DIRECTORS' RESPONSIBILITY STATEMENT

As per Section 134(5) of the Companies Act, 2013, the directors accept the responsibility for the integrity and objectivity of the Profit & Loss Account for the year ended March 31, 2016 and the Balance Sheet as at that date ("financial statements") and confirm that:

- in the preparation of the Profit and Loss Account and Cashflow statement for the year ended March 31, 2016 and the Balance Sheet as at that date (Financial Statements), the applicable accounting standards read together with IRDA Orders /Regulations mandating financial statements related prescriptions have been followed ;
- appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made (including those with respect to the contingent liabilities more specifically dealt with in note 5 of Schedule 16 to the financial statements) so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profits of the Company for that period;



- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with the size and nature of operations, subject to the inherent limitations that should be recognized in weighing the assurance provided by any such system of internal controls. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The Audit Committee meets at regular intervals;
- the financial statements have been prepared on a going concern basis;
- systems are in place to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return in form MGT 9 as on March 31, 2016 is annexed as **Annexure H** to this report.

PARTICULARS OF EMPLOYEES

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

MANAGEMENT REPORT

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

ACKNOWLEDGEMENT

The directors wish to thank the Insurance Regulatory Development Authority (IRDA) and other statutory authorities for their continued support and guidance. The directors also place on record their sincere thanks for the support and co-operation extended by the policyholders, re-insurers, bancassurance partners, insurance agents, brokers and other constituents/intermediaries.

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

For and on behalf of the Board

April 27, 2016
Chennai

Pradeep V Bhide
Chairman

Annexure A to the Directors' Report



REPORT ON CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

The Company firmly believes in and follows the Arthasastra quote,

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

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

- Adhere to corporate governance standards beyond the letter of law;
- Maintain transparency and high degree of disclosure levels;
- Maintain a clear distinction between the personal and corporate interest;

- Have a transparent corporate structure driven by business;
- Ensure compliance with applicable laws.

With customer centricity being the focus area of the Company and T3 – Trust, Transparency & Technology being its motto, the Company strives to keep up with highest standards of corporate governance and this is reflected in the vision of the Company - "to be preferred choice for our clients, business partners and employees through core values of trust and transparency aided by technology". Stepping into its 15th year of operations in FY 2016-17, the Company reinforces its commitment to corporate governance principles. The Company's governance framework encompasses not only regulatory and legal requirements but also several voluntary practices aimed at maximising shareholders values legally, ethically and on a sustainable basis.

BOARD OF DIRECTORS

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

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

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

BOARD COMPOSITION

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



The Company, being a joint venture between the Murugappa Group (MG) represented by Tube Investments of India Limited (TII) and Mitsui Sumitomo Insurance Company Limited (MSI), Japan comprises representatives of MG and MSI in addition to Independent Directors. The Board comprises of 8 directors viz: 2 MG non-executive directors, 1 MG Managing Director, 1 MSI non executive director, 1 MSI Whole time Director and 3 independent directors,. A brief profile of the directors is provided elsewhere in the annual report for the information of the shareholders.

During the year, Mr. R. Beri retired from the Board and Mr. N S R Chandra Prasad was appointed in the category of Independent director with effect from July 29, 2015.

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

The nature of directorship of directors as at March 31, 2016 including the details of their other Board directorship is provided below:

Name of the Director	Nature of Directorship	Number of Directorship excluding Chola MS#
Mr. Pradeep V Bhide	Non-Executive / MG nominee	7
Mr. A V Muralidharan	Non-Executive / Independent	1
Ms. Shubhalakshmi Panse	Non-Executive / Independent	6
Mr. N S R Chandra Prasad	Non-Executive / Independent	-
Mr. N Srinivasan	Non-Executive / MG nominee	3
Mr. Maki Kumagai	Non-Executive / MSI nominee	1
Mr. S S Gopalarathnam	Managing Director / MG nominee	1
Mr. Takahiko Shibakawa	Wholetime Director/ MSI nominee	1

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

BOARD MEETINGS

During the year ended March 31, 2016, 5 Board meetings were held on the following dates, April 28, 2015, July 28, 2015, October 27, 2015, January 25, 2016 and March 25, 2016. Attendance of directors at Board Meetings is given below:

Name of Director	April 28, 2015*	July 28, 2015	October 27, 2015	January 25, 2016	March 25, 2016
Mr. Pradeep V Bhide	✓	✓	✓	✓	✓
R. Beri (till July 28,2015)	✓	✓		NA	
Mr. A V Muralidharan	✓	✓	✓	✓	✓
Ms. Shubhalakshmi Panse	✓	✓	✓	✓	✓
Mr. N S R Chandra Prasad (from July 29, 2015)	NA	NA	✓	✓	✓
Mr. N Srinivasan	✓	✓	✓	✓	✓
Mr. Maki Kumagai	✓	✓	✓	✓	✓
Mr. S S Gopalarathnam	✓	✓	✓	✓	✓
Mr. Takahiko Shibakawa	✓	✓	✓	✓	✓

* Adjourned meeting of April 28, 2015 was held on May 4, 2015

BOARD TRAINING AND INDUCTION

At the time of appointment of a director on the Board of the Company, the incumbent director is provided with a directors' handbook comprising the compendium of the role, powers, duties and responsibilities of a director including code of conduct of the Company, the formats of declarations / disclosures from a director. A formal letter of appointment is given to independent directors at the time of appointment which lays the role and duties of independent director. The terms and conditions of appointment of independent directors is posted on the website of the Company.

COMMITTEES OF THE BOARD

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

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

The following are the eight Committees constituted by the Board:

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



Non-Mandatory Committees	
7	Business Committee
8	Management Committee

Audit Committee

Terms of reference:

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

Internal Audit

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

External Audit

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

Other functions

- review and approve related party transactions of the Company and any modifications thereof;
- evaluation of internal financial controls and risk management of the Company;
- ensure that the Company's accounts are prepared in a timely and accurate manner for regulatory, management and general reporting purposes.

Composition & meetings:

Consequent to change in Board composition, the Committee was reconstituted during the year. As at March 31, 2016, the Committee comprises of five members. During the year the Committee met eight times. Mr. A V Muralidharan is the Chairman of the Committee. The composition of the Committee and the attendance of each member at the Audit Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. A V Muralidharan	Independent Director	8(8)
Mr. R Beri (till July 28, 2015)	Independent Director	4(4)
Ms. Shubhalakshmi Panse	Independent Director	8(8)
Mr. N S R Chandra Prasad (from July 29, 2015)	Independent Director	4(4)
Mr. N Srinivasan	Non Executive Director	8(8)
Mr. Maki Kumagai	Non Executive Director	8(8)

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

The statutory auditors and internal auditors are invited for the meetings of the Audit Committee. During the year, the Audit Committee has held separate discussions with the statutory and internal auditors without the presence of the management team on April 28, 2015 and on October 27, 2015.

Investment Committee

Terms of reference:

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

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



Composition & Meetings:

The Committee comprises of six members including the Chief Financial officer (CFO) and Chief Investment Officer (CIO). Details of Committee members as at March 31, 2016, is given below. The Appointed Actuary on consulting basis is invited for all meetings of the Committee. During the year ended March 31, 2016, the Committee met five times. The Chairman of the Committee is Mr. N Srinivasan. The composition of the Committee as at March 31, 2016 and the attendance of Board members at the Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. N Srinivasan	Non Executive Director	5(5)
Mr. Pradeep V Bhide	Non Executive Director	5(5)
Mr. S S Gopalarathnam	Managing Director	5(5)
Mr. Takahiko Shibakawa	Wholetime Director	5(5)

Risk Management Committee

Terms of reference:

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

The terms of reference of Risk Management Committee broadly includes:

- assist the Board in effective operation of the risk management system by reviewing the risks to which the Company is exposed to and the risk mitigation measures undertaken by the Company;
- review the framework for identification, measurement, monitoring and controlling of risks and recommending risk management decisions to the Board;
- review the progress in enterprise risk management, risk appetite and tolerance limits, status of implementation of the Information Security and Policy procedures and asset liability management.

Composition & Meetings:

Consequent to change in composition of Board, the Committee was reconstituted during the year. The Committee met four times during the year ended March 31, 2016. Mr. R Beri was the Chairman of the Committee till July 28, 2015 and after his retirement, Mr. N S R Chandra Prasad was elected as Chairman at the Committee meeting held on October 26, 2015. The composition of the Committee as at March 31, 2016 and the attendance of each member at the Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. R Beri (till July 28, 2015)	Independent Director	2(2)
Mr. N S R Chandra Prasad (from July 29, 2015)	Independent Director	2(2)
Mr. Pradeep V Bhide	Non Executive Director	4(4)
Mr. N Srinivasan	Non Executive Director	4(4)
Mr. Maki Kumagai	Non Executive Director	4(4)
Mr. S S Gopalarathnam	Managing Director	4(4)

Policyholders' Protection Committee

Terms of reference:

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

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

Composition & Meetings:

Consequent to change in composition of Board, the Committee was reconstituted during the year. The Committee comprises of four members. Mr. R Beri was the Chairman of the Committee till July 28, 2015 and after his retirement, Ms. Shubhalakshmi Panse was elected as the Chairperson of the Committee at the meeting held on October 26, 2015. During the year



ended March 31, 2016, the Committee met four times and the attendance of each member at the Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. R Beri (till July 28, 2015)	Independent Director	2(2)
Ms. Shubhalakshmi Panse (from July 29, 2015)	Independent Director	2(2)
Mr. N Srinivasan	Non Executive Director	4(4)
Mr. S S Gopalarathnam	Managing Director	4(4)
Mr. Takahiko Shibakawa	Wholetime Director	4(4)

Nomination and Remuneration Committee

Terms of reference:

The Companies Act, 2013 mandates constitution of Nomination and Remuneration Committee by certain class of companies and prescribes broadly the functions of the Committee.

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

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

Composition & Meetings:

The Committee comprises of four members and

was reconstituted consequent to change in Board composition. Mr. R Beri was the Chairman of the Committee till July 28, 2015 and Ms. Shubhalakshmi Panse, was appointed as the Chairperson of the Committee at the meeting held on April 26, 2016. During the year ended March 31, 2016, the Committee met two times. The composition of the Committee as at March 31, 2016 and the attendance of each member at the Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. R Beri (till July 28, 2015)	Independent Director	2(2)
Ms. Shubhalakshmi Panse (from July 29, 2015)	Independent Director	NA
Mr. A V Muralidharan	Independent Director	2(2)
Mr. N Srinivasan	Non Executive Director	2(2)
Mr. Maki Kumagai	Non Executive Director	2(2)

Corporate Social Responsibility Committee

Terms of reference:

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

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

Composition & Meetings:

CSR Committee comprises of four members. During the year, Mr. Takahiko Shibakawa was appointed as member of the Committee with effect from July 29, 2015. Mr. Pradeep V Bhide is the Chairman of the Committee. The Committee met four times during the year. The composition of the Committee as at March 31, 2016 and the attendance of each member at the Committee meetings held during the year are given below:



Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. Pradeep V Bhide	Non Executive Director	4(4)
Mr. A V Muralidharan	Independent Director	4(4)
Mr. S S Gopalarathnam	Managing Director	4(4)
Mr. Takahiko Shibakawa (from July 29, 2015)	Wholetime Director	2(2)

Business Committee

Terms of reference:

Business Committee is in the nature of non mandatory committee and was constituted to review business operations of the Company. The terms of reference of the Committee was reviewed during the year. The Committee's role inter-alia includes:

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

Composition & Meetings:

Mr. N Srinivasan is the Chairman of the Committee and the Committee met three times during the year ended March 31, 2016. Mr. N S R Chandra Prasad was inducted as Committee member after retirement of Mr. R Beri. The composition of the Committee as at March 31, 2016 and the attendance of each member at the Business Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. N Srinivasan	Non Executive Director	3(3)

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. Pradeep V Bhide	Non Executive Director	3(3)
Mr. R Beri (till July 28, 2015)	Independent Director	1(1)
Mr. N S R Chandra Prasad (from July 29, 2015)	Independent Director	2(2)
Mr. S S Gopalarathnam	Managing Director	3(3)
Mr. Takahiko Shibakawa	Wholetime Director	3(3)

Management Committee

Terms of reference:

Management Committee is in the nature of non-mandatory committee. During the year the terms of reference of the Committee was reviewed by the Board. The terms of reference of the Committee broadly covers:

- reviews the items on the board agenda before every meeting of the Board;
- implementation of the guidelines issued by the Board for Company's operations;
- to consider and approve the annual business plan;
- to review the operations of the Company periodically.

Composition & Meetings:

The Committee comprises of four members. Mr. Pradeep V Bhide is the Chairman of the Committee. The Committee met five times during the year. The composition of the Committee as at March 31, 2016 and the attendance of each member at the Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. Pradeep V Bhide	Non Executive Director	5(5)
Mr. N Srinivasan	Non Executive Director	5(5)
Mr. Maki Kumagai	Non Executive Director	5(5)
Mr. S S Gopalarathnam	Managing Director	5(5)



REMUNERATION OF DIRECTORS

Managing Director and Wholetime Director are the only Executive Directors of the Company. The compensation of the Managing Director comprises fixed component and a performance incentive. The compensation is determined based on levels of responsibility and scales prevailing in the industry. The incentive is determined based on certain pre-agreed parameters. The Wholetime Director is on secondment from MSI, Japan and the remuneration is paid by way of reimbursement of secondment charges to MSI, Japan. The Executive Directors are not paid sittings fees for any Board / Committee meetings attended by them.

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

The details of remuneration paid to the directors during the financial year ended March 31, 2016 is provided in form MGT 9 forming part of the directors' report.

The remuneration paid to Mr. S S Gopalarathnam, Managing Director and the secondment charges reimbursable to Mitsui Sumitomo Insurance Company Limited, Japan in respect of Mr. Takahiko Shibakawa, Wholetime Director is in accordance with the terms of appointment approved by the Board of Directors, the shareholders and IRDAI and is provided in notes 20 and 23 of Schedule 16 to the financial statements.

ANTI FRAUD POLICY

The Company is committed to the highest standards of governance and integrity in all its dealings with various stakeholders and has a zero tolerance to fraud. As a part of its ongoing efforts to ensure that the Company operates in an ethical manner and as per IRDAI requirements an anti fraud policy approved by the Board has been put in place and is reviewed by the Board every year. The purpose of the policy is to protect the brand, reputation and assets of the Company from

loss or damage, resulting from suspected or confirmed incidents of fraud/misconduct. The policy is uploaded in the intranet portal of the Company for the benefit of all employees. Further, the Company initiates various measures for publicizing the policy through mailers, posters at all locations.

CODE OF CONDUCT

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

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

WHISTLE BLOWER POLICY

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

POLICY ON PREVENTION OF SEXUAL HARRASSMENT AT WORK PLACE

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

During the year ended March 31, 2016, the Company has received three complaints under the policy, all of which have been resolved.



DISCLOSURE UNDER CORPORATE GOVERNANCE GUIDELINES OF IRDAI

Additional work entrusted to Statutory / Internal Auditors:

Clause 7.1 of the Corporate Governance guidelines prescribed by IRDAI, requires that the additional work entrusted to the statutory auditors / internal auditors of the Company or their associates to be approved by the Board and disclosed. During the financial year ended March 31, 2016, the below assignments were entrusted to statutory auditors.

(₹ in million)

Work Entrusted	Brahmayya & Co	Sharp & Tannan	Sundaram & Srinivasan
Limited review of three quarters of FY 2015-16	0.23	0.15	0.08
Tax audit including certification under transfer pricing	0.30	-	-
Certification under IRDAI regulations	0.23	0.20	-
Total	0.76	0.35	0.08

Claims details:

In terms of the disclosure requirements on unpaid claims prescribed in clause 9 of the Corporate Governance guidelines of IRDAI, the details are furnished below for the financial year 2015-16:

S.No	Particulars	Number of claims
1	Claims pending at the beginning of the year	45393
2	Claims intimated during the year	170664
3	Claims disposed during the year	163664
4	Claims pending at the end of the year	52393

Ageing of pending claims	Number of claims
Less than 3 months	26223
3 months to 6 months	3818
6 months to 1 year	4936
1 year and above	17416

GENERAL BODY MEETINGS

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

AGM/EGM	Date of the meeting	Resolutions passed
EGM	March 31, 2016	- Amendment to Articles of Association.
14 th AGM	July 28, 2015	- approval of audited accounts for FY 2014-15; - re-appointment of Mr. Pradeep V Bhide as Director; - appointment of statutory auditors and approval of remuneration; - appointment of Mr. A V Muralidharan as Independent Director for a period two years from the date of 14 th AGM; - appointment of Ms. Shubhalakshmi Panse as Independent Director for a period of three years from the date of 14 th AGM; - appointment of Mr. Maki Kumagai as Director; - appointment of Mr. Takahiko Shibakawa as Whole time Director for a period of two years with effect from April 1, 2015.
13 th AGM	July 28, 2014	- approval of audited accounts for FY 2013-14; - re-appointment of Mr. N Srinivasan as Director; - retirement of Mr. S B Mathur by rotation and did not seek re-appointment; - re-appointment of statutory auditors and approval of remuneration; - appointment of Mr. R Beri as Independent Director for a period one year from the date of 13 th AGM; - re-appointment of Mr. Tsuyoshi Yamane as Wholetime director for a period of one year with effect from April 1, 2014.
12 th AGM	July 27, 2013	- approval of audited accounts for FY 2012-13; - re-appointment of Mr. R Beri & Mr. Katsuhiko Kaneyoshi as Director; - re-appointment of statutory auditors and approval of remuneration; - appointment of Mr. Pradeep V Bhide as director; - re-appointment of Mr. Tsuyoshi Yamane as Whole time Director for a further period of one year; - approval for payment of commission to non executive directors.



MEANS OF COMMUNICATION

In terms of IRDAI circular no. IRDA/F&I/CIR/F&A/012/01/2010 dated January 28, 2010, the Company published its half yearly financial statements as at March 31, 2015 and September 30, 2015 in Business Standard and Makkal Kural within the mandated timeline in May 2015 and November 2015 respectively.

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

COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES

IRDAI 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 IRDAI's circular no. IRDA/F&I/CIR/F&A/014/01/2010 dated January 29, 2010 is provided below.

April 27, 2016
Chennai

For and on behalf of the Board

Pradeep V Bhide
Chairman

CERTIFICATION FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES FOR 2015-16

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

Suresh Krishnan
Company Secretary



Annexure B to the Directors' Report

POLICY FOR BOARD NOMINATIONS

The Nomination and Remuneration Committee (N & R Committee) of the Board is responsible for identifying persons for nomination as directors and evaluating incumbent directors for their continued service. The following are the qualifications, positive attributes and independence criteria laid down by the N&R Committee of the Company in terms of section 178(3) of the Companies Act, 2013 to be considered for nominating candidates for Board positions / re-appointment of directors.

QUALIFICATIONS

Personal Traits

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

Experience and Background

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

under Companies Act 2013 or other applicable laws etc.) that either disqualify or require adverse disclosures.

Fit and proper

- The intangibles of demeanor, attitude and interpersonal skills that indicate the candidate will be an effective member of the Board of Directors "team" in a major company setting;
- Should act on fully informed basis, in good faith, with due diligence and care and in the best interest of the Company and its stakeholders;
- Should be able to exercise objective independent judgment on corporate affairs;
- Special skills, expertise and background that contribute to the diversity of views and perspective of the Board as a whole;
- With respect to Directors being nominated for Independent position, the candidate should comply with the "Independence qualifications" as defined by applicable laws;
- Willingness to devote sufficient time to carry out the duties and responsibilities effectively, including attendance at meetings;
- Willingness to undertake appropriate induction and regularly update and refresh his/ her skills, knowledge and familiarity with the Company;
- Commitment to representing the long-term interests of the shareholders and balancing the interests of stakeholders;
- Willingness to challenge management in a constructive manner while working effectively as a part of a team in an environment of collegiality and trust;
- Adhere to the code of conduct of the Company;
- Protecting the legitimate interests of the Company, its shareholders and employees and maintain confidentiality;
- Meets the age criteria and applicable tenor restrictions placed by the Board;
- Absence of an unacceptable number of other Board commitments;
- Absence of personal and business relationships / directorship that would pose a conflict of interest to the Board position;
- Absence of unfair obstruction in the functioning of the Board /Committees.



POSITIVE ATTRIBUTES

The positive attributes for a director would encompass:

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

thinking, balancing risk with opportunity, ability to juggle several variables and make complicated decisions etc.

INDEPENDENCE STANDARDS

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

Two core objectives in selecting Board members and continued Board service are that the skills, experiences and perspectives of the Board as a whole should be broad and diverse, and the collective talent should blend together to be as effective as possible.



Annexure C to the Directors' Report

CRITERIA FOR SENIOR MANAGEMENT

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

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

Personal Traits

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

Competencies

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

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

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

Experience and Background

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

Fit

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



REMUNERATION POLICY

1. Preamble

This Remuneration Policy provides the framework for remuneration of members of the Board of Directors, Key Managerial Personnel and other employees of the Company

This Policy is guided by the principles and objectives as enumerated in Section 178 of the Companies Act, 2013 to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

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

2. Remuneration of Non-Executive Directors

2.1 Non-Executive Directors ("NEDs") are paid remuneration by way of sitting fees and commission.

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

2.3 The payment of the commission to the NEDs is placed before the Board every year for its consideration and approval.

The sitting fee payable to the NEDs for attending the Board and Committee meetings is fixed subject to the statutory ceiling. The fee is reviewed periodically and aligned to comparable best in class companies.

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

3. Remuneration of Executive Directors

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

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

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

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

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

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

3.6 Executive Directors will not be paid sitting fees for any Board / Committee meetings attended by them.

4. Remuneration to Key Managerial Personnel / Other Employees

4.1 The Company's total compensation for Key Managerial Personnel / other employees consists of:

4.1.1 fixed compensation

4.1.2 variable compensation in the form of annual incentive

4.1.3 benefits

4.1.4 work related facilities and perquisites

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

4.3 Fixed compensation is determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends



in the market value of the job and the skills, experience and performance of the employee. Fixed compensation includes basic salary, housing allowance, leave travel allowance and a cash allowance.

- 4.4 The Annual Incentive (variable pay) of executives is linked directly to the performance of the Business Unit and the Company in accordance with the Employees Incentive Scheme of the Company.
- 4.5 Based on the grade and seniority of employees, benefits for employees include:
 - 4.5.1. Health-Related
 - 4.5.2 Health (hospitalization) insurance
 - 4.5.3 Accident and Life insurance
 - 4.5.4 Retirement-Related
 - 4.5.5 Contribution to a Superannuation Fund (in addition to statutory benefits such as Provident Fund, Gratuity, etc.,)
- 4.6 Employees are also eligible for work related facilities and perquisites as may be determined through HR policies issued from time to time based on the grade of the employee.
- 4.7 A formal annual performance management process is applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives are directly linked to the performance ratings of individual employee.

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

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

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

5. Adoption, Changes and Disclosure of Information

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

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

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

Annexure E to the Directors' Report



SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Form - MR 3

To,

The Members,

CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LIMITED

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under and the Companies Act, 1956, to the extent applicable;
- (ii) Since the Company is an unlisted Public Company and hence the question of complying with the provisions of the Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under does not arise;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) During the year, the Equity Shares of the Company were purchased by Mitsui Sumitomo Insurance Company Limited, Japan, by way of transfer of shares from Tube Investments of

India Limited and complied with the provisions of Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations made there under. There is no Overseas Direct Investment and External Commercial Borrowings during the year under review;

- (v) Since the Company is an unlisted Public Company and hence the question of complying with the provisions of the following Regulations (a to h) and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') does not arise:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;



- (vi) Other Applicable Laws –
- a) Insurance Act, 1938 and Insurance Rules, 1939
 - b) IRDA regulations, guidelines, circulars, directions, notifications made thereunder
 - c) The Payment of Gratuity Act, 1972
 - d) The Maternity Benefit Act, 1961
 - e) The Minimum Wages Act, 1948
 - f) The Shops And Establishment Act, 1958
 - g) The Tamil Nadu Industrial Establishments (National And Festival Holidays) Act, 1958
 - h) The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
 - i) Payment of Bonus Act, 1968
 - j) Employee Provident Fund And Miscellaneous Provisions Act, 1952
 - k) Contract Labour (Regulation & Abolition) Act – 1970 and Central Rules 1971
 - l) The Workmen Compensation Act, 1923
 - m) The Payment of Wages Act, 1936
 - n) The Industrial Establishments (Conferment of Permanent Status of Workmen) Act, 1981
 - o) Equal Remuneration Act, 1976
 - p) The Employees' State Insurance Act, 1948
 - q) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and such other labour laws applicable to the Company.

With respect to Fiscal laws such as Income Tax, Professional Tax, Central Sales Tax & Local Sales Tax, etc., based on the information & explanations provided by the management and officers of the Company and certificates placed before the Board of Directors, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India applicable with effect from 1st July, 2015.
- (ii) Since the Company is an unlisted Public Company and hence the question of complying with the provisions of the Listing Agreement(s) / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) does not arise.

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

We further report that

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

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

Based on the verification of the records and minutes, the decisions were carried out with the consent of majority of the Board of Directors / Committee Members and there were no dissenting members views recorded in the minutes.

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

We further report that, during the audit period, a share purchase agreement was entered into by the Company with the Tube Investments of India Limited, Mitsui Sumitomo Insurance Company Limited on 18th March, 2016 to record the transfer of 4,18,32,798 equity shares of ₹ 10/- each (constituting 14% of Equity share capital of the Company) from M/s. Tube Investments of India Limited to M/s. Mitsui Sumitomo Insurance Company Limited. Consequent to the transfer of shares, the shares held by Mitsui Sumitomo Insurance Company Limited was increased from 26% to 40%.

For R. Sridharan & Associates
Company Secretaries

Date : April 27, 2016
Place: Chennai

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

Annexure F to the Directors' Report



CORPORATE SOCIAL RESPONSIBILITY POLICY

Preamble

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

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

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

Corporate Social Responsibility Purpose Statement

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

We are committed to identifying and supporting programmes aimed at:

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

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

Scope

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

Governance

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

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

CSR Spend

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

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

Implementation

The Company shall undertake CSR project / programmes identified by the CSR Committee and approved by the Board of Directors in line with the CSR Policy. Managing Director of the Company is authorised to approve such CSR activities which are



in line with CSR policy upto a sum of ₹ 1 million per project / programme.

The Company shall implement its CSR programmes / projects:

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

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

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

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

CSR Programmes/Projects

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

The programme areas are:

Providing basic health care facilities to economically backward societies across geographical areas;

Improving access to education;

Provision of Skill development / vocational training;

Rural Development;

Environmental sustainability;

Promoting sports, arts & culture;

Sustainable livelihood including setting up old age homes, day care centres and such other facilities for senior citizens.

Monitoring and Reporting

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

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

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

Annexure G to the Directors' Report



ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

- Providing basic health care facilities to economically backward societies across geographical areas,
- Improving access to education,
- Provision of Skill Development / Vocational Training,
- Rural Development,
- Environmental sustainability,
- Promoting sports, arts & culture,
- Sustainable livelihood including setting up old age homes, day care centres and such other facilities for senior citizens.

CSR Policy is attached as Annexure F to the Director's report.

The policy is also available on the website of the Company at:

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

2. Composition of the CSR Committee:

Mr. Pradeep V Bhide (Non Executive Director & Chairman)

Mr. A V Muralidharan (Independent Director)

Mr. S S Gopalarathnam (Managing Director)

Mr. Takahiko Shibakawa (Wholetime Director)

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

Average net profit : ₹ 13042.2 lakh

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

Amount required to spend towards CSR: ₹ 260.8 lakh

5. Details of CSR spent during the financial year:

a.Total amount spent for the financial year : ₹ 261.4 lakh

b.Amount unspent : NA

c.Manner in which the amount spent during the financial year is detailed below.

(₹ in lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (a) Local area or other (b) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (a) Direct expenditure on projects or programs (b) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1.	Contribution for construction of Students Hostel in Institute of Financial Management and Research (IFMR).	Improving access to education	Sri City, Tada, Andhra Pradesh	₹ 75.0	Amount spent on project - ₹ 75.0 (a) Direct Expenditure	₹ 75.0	Institute of Financial Management and Research (IFMR)
2.	Contribution to Sir Ramaswami Mudaliar Higher Secondary School towards payment of school fees for economically backward children.	Improving access to education	Ambattur, Chennai, Tamil Nadu	₹ 118.3	Amount spent on project - ₹ 118.3 (a) Direct Expenditure	₹ 118.3	A.M.M. Foundation
3.	Contribution to SOS project Disha for providing access to pre-primary, primary, secondary and vocational education and training to the underprivileged.	Improving access to education	Tambaram, Chennai, Tamil Nadu	₹ 5.6	Amount spent on project - ₹ 5.6 (a) Direct Expenditure	₹ 5.6	SOS Children's Village of India



(₹ in lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (a) Local area or other (b) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (a) Direct expenditure on projects or programs (b) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
4.	Contribution to Ruia College Alumni Association towards providing facilities to students hostel.	Improving access to education	Mumbai, Maharashtra	₹ 2.0	Amount spent on project - ₹ 2.0 (a) Direct Expenditure	₹ 2.0	Ramnarain Ruia College
5.	Contribution towards IIT Madras for research based study on Popularizing Bharati Script. (Popularizing all Indian languages)	Improving access to education	All over India	₹ 4.2	Amount spent on project - ₹ 4.2 (a) Direct Expenditure	₹ 4.2	IIT Madras
6	Contribution towards promotion of various sport activities.	Promotion of Sports	Chennai, TamilNadu, India.	₹ 27.8	Amount spent on project - ₹ 27.8 (a) Direct Expenditure.	₹ 27.8	Implementing Agencies.*
7.	Contribution towards promotion of classical music, art and architecture.	Promotion of Arts & Culture	Chennai, Tamil Nadu.	₹ 17.5	₹ 17.5 (a) Direct Expenditure	₹ 17.5	Implementing Agencies.@
8.	Contribution towards providing sanitation and health care to victims of Chennai Floods.	Providing basic health care facilities	Chennai, Tamil Nadu.	₹ 6.0	₹ 6.0 (a) Direct Expenditure	₹ 6.0	Direct
9.	Contribution towards IIT Madras for research based study for identifying hotspots of environmental Pollution.	Environmental Sustainability	Chennai, Tamil Nadu.	₹ 5.0	₹ 5.0 (a) Direct Expenditure	₹ 5.0	IIT Madras
	Total			₹ 261.4		₹ 261.4	

Details of Implementing Agencies:

* Sports : IMG Reliance Ltd, Murugappa Group Tournament Committee, A.M.M. Foundation, Wheel Chair Basketball Federation of India.
@Art & Culture: The Marg Foundation, Globe & Globe, Brinda Repertory, Manabendra Smaraney Trust.

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

Not Applicable.

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

For and on behalf of CSR Committee

For Cholamandalam MS General Insurance Company Limited

Pradeep V Bhide
Chairman

S S Gopalarathnam
Managing Director

April 27, 2016
Chennai

Annexure H to the Directors' Report



FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2016

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

I. REGISTRATION AND OTHER DETAILS

CIN	U66030TN2001PLC047977
Registration Date	November 2, 2001
Name of the Company	Cholamandalam MS General Insurance Company Limited
Category / Sub-Category of the Company	Company limited by shares / Indian non-government Company
Address of the Registered office and contact details	Dare House, II Floor, NSC Bose Road, Parrys, Chennai – 600 001 Tel.: +91-44-3044 5400
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Tel.: +91-40-6716 1500 Toll Free: 1800 345 4001

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

NAME AND ADDRESS OF THE COMPANY	CIN / GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
Tube Investments of India Limited Dare House, No. 234, NSC Bose Road, Chennai – 600 001	L35921TN1949PLC002905	Holding Company	59.9%	2(46)



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	559	221115659	221116218	74	559	179282861	179283420	60	(14)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	559	221115659	221116218	74	559	179282861	179283420	60	(14)
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	77689482	77689482	26	41832798	77689482	119522280	40	14
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	77689482	77689482	26	41832798	77689482	119522280	40	14
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	559	298805141	298805700	100	41833357	256972343	298805700	100	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B) (1) + (B) (2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	559	298805141	298805700	100	41833357	256972343	298805700	100	-



(ii) Shareholding of Promoters:

S No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Tube Investments of India Limited	221115659	73.9	-	179282861	59.9	-	(14.0)
2	Mitsui Sumitomo Insurance Company Limited	77689482	26.0	-	119522280	40.0	-	14.0
3	Kartik Investments Trust Limited	113	-	-	113	-	-	-
4	Ambadi Enterprises Limited	112	-	-	112	-	-	-
5	Presmet Private Limited	112	-	-	112	-	-	-
6	Murugappa Management Services Limited	111	-	-	111	-	-	-
7	Ambadi Investments Private Limited	111	-	-	111	-	-	-

(iii) Change in Promoters' Shareholding:

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Tube Investments of India Limited				
	At the beginning of the year	221115659	73.9	221115659	73.9
	Date : March 31, 2016 Decrease in share holding during the year due to transfer of equity shares	41832798	14.0	179282861	59.9
	At the end of the year	-	-	179282861	59.9
2	Mitsui Sumitomo Insurance Company Limited				
	At the beginning of the year	77689482	26.0	77689482	26.0
	Date : March 31, 2016 Increase in share holding during the year due to purchase of equity shares from Indian promoter	41832798	14.0	119522280	40.0
	At the end of the year	-	-	119522280	40.0

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

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



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

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

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment.

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lakh)

S. No	Particulars of Remuneration	Mr. S S Gopalarathnam, Managing Director
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites under section 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	192.20 1.31 -
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - as % of profit - Others, specify...	-
5.	Others (retiral benefits)#	21.27
	Total (A)	214.78
	Ceiling as per the Act	2125.29

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

* The terms of payment of Mr. Takahiko Shibakawa, Wholetime Director, is governed by secondment agreement with Joint venture partner, Mitsui Sumitomo Insurance Company limited (MSI). As per the agreement, ₹ 25.33 lakh is payable as secondment fees (remuneration reimbursement & performance incentives) to MSI for FY 2015-16.



B. Remuneration to other directors:

1. Independent Directors

(₹ in lakh)

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. S B Mathur**	Mr. R Beri®	Mr. A V Muralidharan	Mr. NSR Chandra Prasad	Ms. Shubhalakshmi Panse	
1	Fee for attending Board / Committee meetings	-	2.75	4.65	2.55	3.55	13.50
2	Commission #	4.89	7.50	5.05	-	0.16	17.60
3	Others, please specify	-	-	-	-	-	-
	Total (1)	4.89	10.25	9.70	2.55	3.71	31.10

** Retired from the Board on July 28, 2014

@ Retired from the Board on July 28, 2015

Commission paid for FY 2014-15 during FY 2015-16

2. Other Non-Executive Directors

(₹ in lakh)

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Pradeep V Bhide	Mr. N Srinivasan	Mr. Maki Kumagai	
1	Fee for attending Board / Committee meetings	4.30	6.85	5.05	16.20
2	Commission	12.55	7.50	5.05	25.10
3	Others, please specify	-	-	-	-
	Total (2)	16.85	14.35	10.10	41.30
	Total (B)=(1+2)				72.40
	Overall ceiling as per the Act				212.53

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

(₹ in lakh)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Suresh Krishnan, Company Secretary	Mr. S K Rangaswamy, Chief Financial Officer	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	41.56	38.02	79.58
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961	1.30	2.03	3.33
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify...			
5.	Others (retiral benefits)	4.23	4.60	8.83
	Total	47.09	44.65	91.74

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties / punishments / compounding of offences for breach of any section of the Companies Act against the Company or its Directors or other officers in default for the year ending March 31, 2016.



Annexure I to the Directors' Report

MANAGEMENT REPORT

Registration No: **123**

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

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

1. We confirm that the registration certificate granted by the Insurance Regulatory and Development Authority to transact general insurance business is valid and the same has been renewed for the year 2016-2017.
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, Tube Investments of India Limited transferred 41,832,798 equity shares to Mitsui Sumitomo Insurance Company Limited (MSI), thereby increasing the stake of MSI in the Company from 26% to 40%.
4. We declare that the funds of holders of policies issued in India have not been directly or indirectly invested outside India.
5. We confirm that the required solvency margins as prescribed under the Insurance Act, 1938 and the Insurance Regulatory and Development Authority (Assets, Liabilities and Solvency Margin of the Insurers) Regulations, 2000 read together with IRDA Orders NL/ORD/MPL/046/03/2011 dated March 12, 2011, IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012, have been maintained during the year ended March 31, 2016.
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, 2016, read together with the accounting policies, are shown in the aggregate at amounts not exceeding their realizable or market value wherever applicable. These assets are categorised under the headings – "Loans", "Agents Balances", "Outstanding Premiums", "Interest, Dividend and Rents Outstanding", "Interest, Dividend and Rents Accruing but Not Due", "Amounts Due from Other Persons or Bodies Carrying on Insurance

Business", "Sundry Debtors", "Bills Receivable", "Cash" and several items specified under "Other Accounts".

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

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

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

8. The Company does not have operations in any other country.
9. The information relating to the trend of claim settlements for the years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 is detailed in Annexure 1.
10. As at March 31, 2016, 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, property and listed equity shares. The investments in Government securities, housing, infrastructure and other corporate bonds are considered as



“held to maturity” and are measured at historical cost subject to amortization. Investments in fixed deposits of banks are measured at face value. Investments in listed equity shares are measured at the last quoted price and the unrealised gain/loss credited to Fair Value Change Account except where the extent of diminution in value is considered permanent in which case an appropriate level of provisioning is carried.

11. The Company has adopted a prudent investment policy with emphasis on balancing requirements on portfolio duration, maintaining liquidity and optimising returns. Emphasis has been on investing in low risk investments such as Government securities, fixed deposits with banks, corporate bonds with minimum credit rating of AA- and with a presence in equity. The Company carries out a periodic review of the investment portfolio and the investment policy. The management is confident of the quality and performance of the investments.

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/ letters issued by the IRDA, the provisions of the Insurance Act, 1938 and the Companies Act, 2013 and disclosures have been made wherever the same is required. There is no other material departure from the accounting standards and generally accepted accounting principles in the general insurance industry.

b) The Company has adopted accounting policies and applied them consistently (including those specifically required by various IRDA regulations) and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as of March 31, 2016, and of the profit for the year ended March 31, 2016.

c) The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938 and the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

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

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

13. During the year under report,

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

(b) The Company has realisable Outstanding Premium from Central & State Governments under Rashtriya Swasthya Bima 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 relaxation of norms for such dues from the Government.

14. There are no payments made to individuals, firms, companies, and organisations, other than related parties, in which directors are interested in terms of Section 184 of the Companies Act, 2013. Transactions with related parties in terms of Accounting Standard 18 are included in Note 20 of Schedule 16 to the financial statements.

For and on behalf of the Board of Directors

Pradeep V Bhide
Chairman

S S Gopalarathnam
Managing Director

N Srinivasan
Director

Takahiko Shibakawa
Wholetime Director

Suresh Krishnan
Company Secretary

S K Rangaswamy
Chief Financial Officer

April 27, 2016
Chennai



Annexure 1

Trend of Claims Settlement for the last five financial years

Period	No. of Claims								
	Engg	Fire	Liability	Marine	Misc	Accident	Health	Travel	Motor
30 days									
2015-16	167	628	34	12,667	521	701	12,994	28	52,168
2014-15	83	71	37	12,971	1,091	225	18,455	124	65,656
2013-14	63	102	248	9,289	568	1,578	133,489	99	53,016
2012-13	88	122	298	9,611	249	461	159,149	50	43,393
2011-12	181	154	375	8,561	1,154	539	115,879	382	52,553
30 days to 6 months									
2015-16	488	646	152	5,036	959	916	8,395	63	25,597
2014-15	330	361	335	4,351	269	869	36,969	-	5,621
2013-14	285	281	293	5,608	567	106	19	-	28,268
2012-13	336	300	416	4,294	602	894	238	55	43,812
2011-12	370	529	231	4,703	869	1,072	3,739	158	47,636
6 months to 1 year									
2015-16	95	116	17	302	22	59	465	8	3,953
2014-15	83	136	42	482	10	290	-	-	3,863
2013-14	101	139	32	556	17	6	-	-	4,815
2012-13	107	129	73	790	45	101	-	4	5,637
2011-12	139	190	52	848	37	161	1,223	40	3,935
1 year to 5 years									
2015-16	41	29	5	113	44	22	521	2	6,473
2014-15	24	47	14	152	11	71	-	-	6,267
2013-14	31	50	21	231	19	2	-	-	6,710
2012-13	35	65	30	246	22	211	-	1	4,443
2011-12	37	81	66	170	17	275	-	11	2,807
5 years and above									
2015-16	5	8	54	17	13	14	3	-	1,602
2014-15	1	1	2	-	-	73	-	1	636
2013-14	-	1	1	-	-	-	-	-	637
2012-13	-	2	1	-	-	1	-	-	152
2011-12	-	-	-	-	-	1	-	-	91

(₹ in lakh)

Period	Claim Amount paid to Insured								
	Engg	Fire	Liability	Marine	Misc	Accident	Health	Travel	Motor
30 days									
2015-16	28	281	7	489	1,705	867	3,810	20	11,180
2014-15	13	153	4	729	854	298	2,065	479	21,324
2013-14	22	45	23	513	2,145	1,801	12,712	343	9,329
2012-13	16	124	25	634	150	401	14,008	8	6,290
2011-12	93	95	33	533	23	308	9,702	22	7,387
30 days to 6 months									
2015-16	349	3,054	67	3,022	7,925	1,670	3,062	121	28,234
2014-15	286	1,686	108	1,940	7,372	1,401	5,617	9	9,598
2013-14	398	3,368	77	2,028	170	241	8	-	24,184
2012-13	474	2,079	116	3,838	317	1,273	172	115	22,824
2011-12	226	1,034	68	1,677	67	1,114	747	229	20,450
6 months to 1 year									
2015-16	331	1,665	98	1,121	442	120	60	37	13,963
2014-15	90	1,949	61	908	31	520	-	-	10,338
2013-14	755	4,833	46	2,141	47	30	-	-	9,414
2012-13	190	590	65	720	289	188	-	45	8,756
2011-12	246	1,881	30	798	17	181	542	58	5,769
1 year to 5 years									
2015-16	422	1,164	36	944	8,832	67	130	49	29,628
2014-15	473	2,380	81	428	39	145	-	-	21,481
2013-14	210	841	57	288	78	36	-	-	16,085
2012-13	349	897	67	388	45	194	-	12	9,389
2011-12	285	1,155	53	357	35	171	-	39	5,828
5 years and above									
2015-16	6	63	25	19	2	17	4	-	2,361
2014-15	51	6	12	-	-	53	-	8	1,489
2013-14	-	16	-	-	-	-	-	-	1,072
2012-13	-	2	4	-	-	1	-	-	301
2011-12	-	-	-	-	-	-	-	-	129

Auditors' Report



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

Sharp & Tannan
Chartered Accountants
Parsn Manere, A Wing, 3rd Floor,
602, Anna Salai, Chennai - 600 006

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

Report on the Financial Statements

1. We have audited the accompanying financial statements of Cholamandalam MS General Insurance Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, and Revenue Accounts, the Profit and Loss Account and Receipts and Payments Statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. In accordance with the provisions of Section 11 of the Insurance Act, 1938 ("the Insurance Act") read with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ("the Regulations") and the provisions of section 129 of the Companies Act 2013 ("the Companies Act"), the Balance Sheet, the Revenue Accounts and the Profit and Loss Account are not required to be, and are not, drawn up in accordance with Schedule III of The Companies Act. The Balance Sheet, the Revenue Accounts and the Profit and Loss Account, are, therefore, drawn up in conformity with the Regulations.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as



well as evaluating the overall presentation of the financial statements.

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

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared and give the information required by The Insurance Act read with Regulations and the provisions of The Companies Act to the extent applicable in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) in the case of Revenue Accounts, of the operating profit for the year ended on that date;
- c) in the case of Profit and Loss Account, the profit for the year ended on that date;
- d) in the case of Receipts and Payments Statement, receipts and payments for the year ended on that date;
- e) Investments of the Company have been valued in accordance with the Provisions of the Insurance Act and the Regulations / Circulars / Orders / Directions issued by IRDA in this regard;
- f) The Accounting policies selected by the insurer are appropriate and are in compliance with the applicable Accounting Standards and with the Accounting Principles, as prescribed in the regulations or any order or letter or direction issued by the Authority in this behalf.

Report on Other Legal and Regulatory Requirements

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

6. We report that

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by

the Company so far as appears from our examination of those books;

- c) the Balance Sheet, the Revenue Accounts, Profit and Loss Account, and Receipts and Payments Statement dealt with by this Report are in agreement with the books of account;
- d) the financial accounting system of the Company is centralised and therefore accounting returns are not required to be submitted by branches;
- e) in our opinion, the Balance Sheet, Profit and Loss Account, and Receipts and Payments Statement comply with the Accounting Standards specified under section 133 of the Companies Act read with Rule 7 of the Companies (Accounts) Rules 2014 read together with IRDA Regulations/Circulars/Orders;
- f) the estimate of claims Incurred But Not Reported [IBNR] and claims Incurred But Not Enough Reported [IBNER] has been certified by the Company's appointed actuary. The appointed actuary has certified to the Company that the assumptions used for such are appropriate and are in accordance with the requirements of the Insurance Regulatory and Development Authority [IRDA] and Actuarial Society of India in concurrence with IRDA. We have relied on the appointed Actuary's certificate in this regard;
- g) with respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in the Annexure;
- h) on the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of sub-section (2) of Section 164 of the Companies Act;
- i) with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in Note No.5 of Schedule 16 to the Financial statements;



- ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
7. Further, according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:
- a. We have reviewed the Management Report attached to the financial statements for the financial year ended March 31, 2016 and there is no apparent mistake or material inconsistency therein with the financial statements.
- b. The Company has complied with the terms and conditions of registration stipulated by IRDA vide their letter dated July 15, 2002.
- c. We have verified the cash balances at the corporate office of the Company and investments of the Company.
- d. The Company is not a trustee of any trust.
- e. No part of the assets of the policyholders' funds have been directly or indirectly applied in contravention of the provisions of the Insurance Act relating to application and investment of policyholders' funds.
- f. All expenses of management in respect of Fire, Marine and Miscellaneous Insurance Business have been fully debited to the respective Revenue Accounts.

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

L Ravi Sankar
Partner
M. No: 025929

Place: Chennai
Date : April 27, 2016

For **Sharp & Tannan**
Chartered Accountants
Registration No.: 003792S

V Viswanathan
Partner
M. No: 215565



ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 6 (g) of our Report of even date]

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

We have audited the internal financial controls over financial reporting of Cholamandalam MS General Insurance Company Limited ("the Company") as at 31st March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the provisions of Section 11 of the Insurance Act, 1938 ("the Insurance Act") read with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ("the Regulations") and the provisions of section 129 of the Companies Act 2013 ("the Companies Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with

ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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



Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls

over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

L Ravi Sankar
Partner
M. No: 025929

Place: Chennai
Date : April 27, 2016

For **Sharp & Tannan**
Chartered Accountants
Registration No.: 003792S

V Viswanathan
Partner
M. No: 215565

Balance Sheet

as at March 31, 2016



FORM B-BS

Registration No.123

Date of Registration with the IRDA July 15, 2002

Particulars	Schedule	(₹ '000)	
		As at March 31, 2016	As at March 31, 2015
SOURCES OF FUNDS			
Share Capital	5	2,988,057	2,988,057
Reserves and Surplus	6	5,681,511	4,202,042
Fair Value Change Account		(141,016)	4,663
Borrowings	7	-	-
TOTAL		8,528,552	7,194,762
APPLICATION OF FUNDS			
Investments	8	38,607,249	31,645,703
Loans	9	-	-
Fixed Assets	10	615,244	616,719
Deferred Tax Asset (Refer Note 14 of Schedule 16)		507,409	210,907
Current Assets			
Cash and Bank Balances	11	289,696	442,474
Advances and Other Assets	12	4,238,895	3,172,978
Sub-Total (A)		4,528,591	3,615,452
Current Liabilities	13	23,099,917	19,954,696
Provisions	14	12,630,024	8,939,323
Sub-Total (B)		35,729,941	28,894,019
Net Current Assets (C) = (A - B)		(31,201,350)	(25,278,567)
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit and Loss Account (net of reserves)		-	-
TOTAL		8,528,552	7,194,762
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 Brahmayya & Co
Chartered Accountants
Firm Regn No:000511S

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

Pradeep V Bhide
Chairman

S S Gopalarathnam
Managing Director

L Ravi Sankar
Partner
M. No. 025929

V Viswanathan
Partner
M. No. 215565

N Srinivasan
Director

Takahiko Shibakawa
Wholtime Director

Place: Chennai
Date : April 27, 2016

Suresh Krishnan
Company Secretary

S K Rangaswamy
Chief Financial Officer

Profit & Loss Account

for the year ended March 31, 2016



FORM B-PL

Registration No.123

Date of Registration with the IRDA July 15, 2002

Particulars	Schedule	(₹ '000)	
		Year Ended March 31, 2016	Year Ended March 31, 2015
1 OPERATING PROFIT/(LOSS)			
(a) Fire Insurance		198,476	138,694
(b) Marine Insurance		102,022	45,514
(c) Miscellaneous Insurance		1,451,083	1,656,173
2 INCOME FROM INVESTMENTS			
(a) Interest and Dividend – Gross of TDS		370,329	229,738
(b) Profit on Sale of Investments		52,141	55,681
Less: Loss on Sale of Investments		(37)	(282)
3 OTHER INCOME		-	-
TOTAL (A)		2,174,014	2,125,518
4 PROVISIONS (Other than Taxation)			
(a) For Diminution in the Value of Investments		-	(11,000)
(b) For Doubtful Debts		-	-
(c) Others		-	-
5 OTHER EXPENSES			
(a) Expenses other than those related to insurance business		2,600	113,845
(b) Employees' Remuneration and Welfare Benefits		9,011	6,490
(c) Bad Debts Written Off		-	-
(d) Others		-	-
(e) Others - CSR Expenses & Donations		31,436	9,377
TOTAL (B)		43,047	118,712
Profit Before Tax		2,130,967	2,006,806
Provision for Taxation			
– Current Tax		948,000	840,000
– Deferred Tax		(296,502)	(204,164)
Profit After Tax		1,479,469	1,370,970
APPROPRIATIONS			
(a) Interim Dividends paid during the year		-	-
(b) Proposed Final Dividend		-	-
(c) Dividend Distribution Tax		-	-
(d) Transfer to Contingency Reserve for Unexpired Risks		-	-
(e) Transfer to General Reserve		(1,000,000)	(1,000,000)
Balance of Profit Brought Forward from Previous Year		921,830	550,860
Balance Carried Forward to Balance Sheet		1,401,299	921,830
Earnings Per Share - Basic & Diluted (₹) (Face value per share - ₹ 10)		4.95	4.59

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 Brahmayya & Co
Chartered Accountants
Firm Regn No:000511S

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

Pradeep V Bhide
Chairman

S S Gopalarathnam
Managing Director

L Ravi Sankar
Partner
M. No. 025929

V Viswanathan
Partner
M. No. 215565

N Srinivasan
Director

Takahiko Shibakawa
Wholtime Director

Place: Chennai
Date : April 27, 2016

Suresh Krishnan
Company Secretary

S K Rangaswamy
Chief Financial Officer

Form B - RA

Revenue Account

for the year ended March 31, 2016



Registration No. 123 Date of Registration with the IRDA July 15, 2002 (₹ '000)

Particulars	Schedule	Fire Business		Marine Business		Miscellaneous Business		Total	
		Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015
1 Premiums Earned (Net)	1	465,884	434,097	157,389	202,702	16,284,714	14,184,232	16,907,987	14,821,031
2 Profit / Loss on Sale / Redemption of Investments (Net)		11,675	9,566	599	1,385	184,689	179,195	196,963	190,146
3 Others									
Administrative Charges		701	555	561	484	89	108	1,351	1,147
Investment income from pool (Terrorism pool)		55,197	52,343	-	-	11,530	8,327	66,727	60,670
4 Interest and Dividend (Gross of TDS)		127,197	105,566	6,524	15,282	2,445,431	2,298,407	2,579,152	2,419,255
TOTAL (A)		660,654	602,127	165,073	219,853	18,926,453	16,670,269	19,752,180	17,492,249
1 Claims Incurred (Net)	2	170,153	276,885	86,369	145,416	11,981,154	10,638,918	12,237,676	11,061,219
2 Commission	3	41,767	42,288	(51,876)	(10,604)	349,670	300,643	339,561	332,327
3 Operating Expenses Related to Insurance Business	4	250,258	144,260	28,558	39,527	5,141,591	4,074,535	5,420,407	4,258,322
4 Premium Deficiency		-	-	-	-	2,955	-	2,955	-
TOTAL (B)		462,178	463,433	63,051	174,339	17,475,370	15,014,096	18,000,599	15,651,868
Operating Profit (A - B) APPROPRIATIONS		198,476	138,694	102,022	45,514	1,451,083	1,656,173	1,751,581	1,840,381
Transfer to Shareholders' Account		198,476	138,694	102,022	45,514	1,451,083	1,656,173	1,751,581	1,840,381
Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
Transfer to Other Reserves		-	-	-	-	-	-	-	-
TOTAL (C)		198,476	138,694	102,022	45,514	1,451,083	1,656,173	1,751,581	1,840,381

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Notes to Financial Statements

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 Brahmayya & Co
Chartered Accountants
Firm Regn No:000511S

L Ravi Sankar
Partner
M. No. 025929

Place: Chennai
Date : April 27, 2016

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

V Viswanathan
Partner
M. No. 215565

For and on behalf of the Board of Directors

Pradeep V Bhide
Chairman

N Srinivasan
Director

Suresh Krishnan
Company Secretary

S S Gopalathnam
Managing Director

Takahiko Shibakawa
Wholetime Director

S K Rangaswamy
Chief Financial Officer

Receipts and Payments Statement

for the year ended March 31, 2016



Particulars	(₹ '000)	
	Year Ended March 31, 2016	Year Ended March 31, 2015
Cash Flows from Operating Activities		
Receipts from Policyholders - Premium on Direct Business	24,920,353	18,804,801
Other Receipts	3,292,961	2,322,554
Direct Claims Paid	(12,892,838)	(9,691,277)
Receipts / (Payments) from / to Reinsurers (Net)	(1,048,077)	(1,344,373)
Receipts / (Payments) from / to Co-insurers (Net)	(42,211)	(45,139)
Operating Expenses paid	(5,584,800)	(4,174,604)
Commission payments	(911,504)	(794,260)
Deposits and Advances given	(330,428)	(113,503)
Taxes paid	(1,120,685)	(695,188)
Service Tax paid	(2,413,028)	(2,274,264)
Net Cash Flows from Operating Activities	3,869,743	1,994,747
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(157,581)	(195,931)
Proceeds on disposal of Fixed Assets	3,580	972
Purchase of Investments	(80,874,298)	(70,186,287)
Received from IMTPIP	-	3,704,182
Sale of Investments	74,195,033	61,913,347
Repayments received	-	-
Rents/Interest/ Dividends received	2,819,221	2,968,127
Expenses related to Investments	(8,476)	(5,802)
Net Cash Flows used in Investing Activities	(4,022,521)	(1,801,392)
Cash Flows from Financing Activities		
Proceeds from Issue of Share Capital	-	-
Net Cash Flows from Financing Activities	-	-
Net Increase in Cash and Cash Equivalents	(152,778) (152,778)	193,355 193,355
Cash and Cash Equivalents at Beginning of the Year	442,474	249,119
Cash and Cash Equivalents at End of the Year	<u>289,696</u>	<u>442,474</u>

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

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

L Ravi Sankar
Partner
M. No. 025929

Place: Chennai
Date : April 27, 2016

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

V Viswanathan
Partner
M. No. 215565

For and on behalf of the Board of Directors

Pradeep V Bhide
Chairman

N Srinivasan
Director

Suresh Krishnan
Company Secretary

S S Gopalarathnam
Managing Director

Takahiko Shibakawa
Wholetime Director

S K Rangaswamy
Chief Financial Officer

Schedules forming part of the Financial statements for the year ended March 31, 2016



Schedule 1
Premium Earned (Net)

(₹ '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015
Premium from Direct Business Written	2,046,836	1,243,406	757,126	641,302	21,716,072	17,019,601	24,520,034	18,904,309
Add: Premium on Reinsurance Accepted	65,258	64,253	-	-	72,448	(4,124)	137,706	60,129
Less: Premium on Reinsurance Ceded	960,143	661,054	620,128	435,810	2,502,457	2,158,084	4,082,728	3,254,948
Net Premium	1,151,951	646,605	136,998	205,492	19,286,063	14,857,393	20,575,012	15,709,490
Adjustment for Change in Reserve for Unexpired Risks	686,067	212,508	(20,391)	2,790	3,001,349	673,161	3,667,025	888,459
Total Premium Earned (Net)	465,884	434,097	157,389	202,702	16,284,714	14,184,232	16,907,987	14,821,031

Note:

Premium Income from business effected:

In India	465,884	434,097	157,389	202,702	16,284,714	14,184,232	16,907,987	14,821,031
Outside India	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	465,884	434,097	157,389	202,702	16,284,714	14,184,232	16,907,987	14,821,031

Schedule 2
Claims Incurred (Net)

(₹ '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015
Claims Paid	221,654	215,843	137,058	130,730	8,253,332	5,736,988	8,612,044	6,083,561
Add : Claims Outstanding at the End of the Period (including the estimates of IBNR and IBNER) (Net) *	265,226	316,727	50,895	101,584	17,225,861	13,498,039	17,541,982	13,916,350
Less: Claims Outstanding at the beginning of the Period (including the estimates of IBNR and IBNER) (Net)	316,727	255,685	101,584	86,898	13,498,039	8,596,109	13,916,350	8,938,692
Total Claims Incurred (Net)	170,153	276,885	86,369	145,416	11,981,154	10,638,918	12,237,676	11,061,219
Note:								
Claims, less reinsurance, paid to claimants								
In India	221,654	215,843	137,058	130,730	8,253,332	5,736,988	8,612,044	6,083,561
Outside India	-	-	-	-	-	-	-	-
* Estimates of IBNR and IBNER at end of the period	17,453	14,664	16,782	17,690	8,132,769	6,452,565	8,167,004	6,484,919
* Estimates of IBNR and IBNER at beginning of the period	14,664	14,360	17,690	16,540	6,452,565	4,708,858	6,484,919	4,739,758

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, 2016



Schedule 3 Commission (₹ '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015
Commission Paid								
Direct	120,968	113,035	33,282	53,493	740,447	646,846	894,697	813,374
Add: Reinsurance Accepted	1,471	696	-	-	198	53	1,669	749
Less: Commission on Reinsurance Ceded	80,672	71,443	85,158	64,097	390,975	346,256	556,805	481,796
Net Commission	41,767	42,288	(51,876)	(10,604)	349,670	300,643	339,561	332,327
Agents	8,723	5,298	4,125	3,364	61,537	34,337	74,385	42,999
Brokers	30,511	23,081	19,908	15,619	113,773	87,230	164,192	125,930
Corporate Agency	81,734	84,656	9,249	34,510	565,137	525,279	656,120	644,445
Referral	-	-	-	-	-	-	-	-

Schedules forming part of the Financial statements for the year ended March 31, 2016



Schedule 4

Operating Expenses Related to Insurance Business

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015
	(₹ '000)							
1 Employees' Remuneration and Welfare Benefits	54,219	33,899	6,448	10,773	907,742	778,919	968,409	823,591
2 Travel, Conveyance and Vehicle Running Expenses	8,062	5,771	959	1,834	134,980	132,598	144,001	140,203
3 Training Expenses	2,051	1,917	244	609	34,346	44,046	36,641	46,572
4 Rent, Rates and Taxes	6,050	3,602	719	1,145	101,284	82,761	108,053	87,508
5 Repairs	1,570	780	187	248	26,290	17,911	28,047	18,939
6 Printing and Stationery	5,560	3,015	661	958	93,091	69,266	99,312	73,239
7 Communication	3,733	2,324	444	738	62,501	53,394	66,678	56,456
8 Legal and Professional Charges	2,551	(1,152)	303	(366)	42,712	(26,468)	45,566	(27,986)
9 Auditors' Fees and Expenses	123	78	15	25	2,062	1,797	2,200	1,900
As Auditors								
As adviser or in any other capacity in respect of								
- taxation matters	17	12	2	4	281	284	300	300
- Certification	24	18	3	6	403	406	430	430
Out of Pocket Expenses	3	2	-	1	47	47	50	50
10 Advertisement and Publicity	20,894	9,687	2,485	3,079	522,231	471,945	545,610	484,711
11 Interest and Bank Charges	1,281	978	152	311	21,441	22,483	22,874	23,772
12 Others								
Power and Electricity	2,282	1,378	271	438	38,201	31,666	40,754	33,482
Information Technology Expenses	8,624	5,816	1,026	1,848	144,379	133,648	154,029	141,312
Marketing Expenses	61,219	30,242	6,882	6,051	1,994,307	1,386,863	2,062,408	1,423,156
Operating Lease Charges	-	987	-	314	-	22,672	-	23,973
IRDA Registration renewal fees	532	382	63	121	8,904	8,772	9,499	9,275
Service Tax Expense	3,837	112	323	49	32,890	39,928	37,050	40,089
Outsourcing Expenses	35,719	21,127	4,248	6,714	598,016	485,443	637,983	513,284
Net Exchange (Gain) / Loss	41	15	5	6	692	602	738	623
Co-insurance Administrative Charges	1,243	1,067	484	305	1,004	802	2,731	2,174
Terrorism Pool - Management Expenses	8,478	8,614	-	-	1,826	1,606	10,304	10,220
IMTPIP / DR Pool - Administrative Expenses (Net)	-	-	-	-	1,200	1,157	1,200	1,157
Miscellaneous Expenses (Net) (Note below)	13,383	7,176	1,592	2,278	224,062	164,623	239,037	174,077
13 Depreciation	8,762	6,413	1,042	2,038	146,699	147,364	156,503	155,815
Total	250,258	144,260	28,558	39,527	5,141,591	4,074,535	5,420,407	4,258,322
Less: Write Back of Provision no longer required	-	-	-	-	-	-	-	-
	250,258	144,260	28,558	39,527	5,141,591	4,074,535	5,420,407	4,258,322
Miscellaneous Expenses are net of profit on sale of Fixed Assets (Net)	57	34	7	11	961	783	1,025	828

Schedules forming part of the Financial statements for the year ended March 31, 2016



Schedule 5

Share Capital

(₹ '000)

Particulars	As at March 31, 2016	As at March 31, 2015
1 Authorised Capital 324,000,000 (Previous Year: 324,000,000) Equity Shares of ₹10 each	3,240,000	3,240,000
2 Issued Capital 298,805,700 (Previous Year: 298,805,700) Equity Shares of ₹10 each	2,988,057	2,988,057
3 Subscribed Capital 298,805,700 (Previous Year: 298,805,700) Equity Shares of ₹10 each	2,988,057	2,988,057
4 Called-up Capital 298,805,700 (Previous Year: 298,805,700) Equity Shares of ₹10 each fully paid up	2,988,057	2,988,057
Less : Calls Unpaid	-	-
Add : Equity Shares Forfeited (Amount originally paid up)	-	-
Less : Par Value of Equity Shares bought back	-	-
Less : Preliminary Expenses Expenses including Commission or Brokerage on Underwriting or Subscription of Shares	-	-
Total	2,988,057	2,988,057

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

179,282,861

221,115,659

Schedule 5 A

Shareholding Pattern [As certified by the Management]

Shareholder	As at March 31, 2016		As at March 31, 2015	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
Indian	179,283,420	60	221,116,218	74
Foreign	119,522,280	40	77,689,482	26
Others	-	-	-	-
Total	298,805,700	100	298,805,700	100

During the year, Tube Investments of India Limited transferred 41,832,798 equity shares of ₹ 10 each representing 14% of the capital to Mitsui Sumitomo Insurance Company Limited thereby increasing the MSI stake in the Company from 26% to 40%.

Schedules forming part of the Financial statements for the year ended March 31, 2016



Schedule 6

Reserves and Surplus

(₹ '000)

Particulars	As at March 31, 2016	As at March 31, 2015
1 Capital Reserve	-	-
2 Capital Redemption Reserve	-	-
3 Share Premium	1,432,645	1,432,645
4 General Reserve	1,847,567	
Add: (a) Transfer from Contingency Reserve for Unexpired Risks	-	
(b) Transfer from Profit and Loss Account	1,000,000	1,847,567
5 Catastrophe Reserve	-	-
6 Contingency Reserve for Unexpired Risks	-	-
7 Balance of Profit in Profit & Loss Account	1,401,299	921,830
Total	5,681,511	4,202,042

Schedule 7

Borrowings

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

Schedules forming part of the Financial statements for the year ended March 31, 2016



Schedule 8

Investments

(₹ '000)

Particulars	As at March 31, 2016	As at March 31, 2015
Long Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	12,269,048	9,397,406
Other Approved Securities	-	-
Approved Investments		
- Debentures / Bonds	11,285,926	9,272,506
- Fixed Deposits with Banks	3,571,600	3,850,500
- Equity Shares (Net of Fair Value Change)	1,230,649	468,958
- Investment Properties - Real Estate	288,251	-
Investments in Infrastructure and Social Sector	5,033,083	3,653,710
Other than Approved Investments	251,559	251,828
Total (A)	33,930,116	26,894,908
Short Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	249,059	655,217
Other Approved Securities	-	-
Approved Investments		
- Debentures/Bonds	2,130,259	2,150,044
- Fixed Deposits with Banks	1,557,100	1,695,500
- Money market instruments	-	-
- Mutual Funds (Liquid Schemes)	190,193	50,036
Investments in Infrastructure and Social Sector	450,301	199,998
Other Than Approved Investments	100,221	-
Total (B)	4,677,133	4,750,795
Total (A) + (B)	38,607,249	31,645,703

Notes:

- All Investments are performing investments and are in India.
- There are no contracts in relation to investments for purchases where deliveries are pending or for sales where payments are overdue.
- Details of Cost and Market Value (₹ '000) :

	As at March 31, 2016		As at March 31, 2015	
	Cost	Market Value	Cost	Market Value
a) Equity Shares listed	1,373,417	1,232,208	524,814	529,441
b) Mutual Funds	190,000	190,193	50,000	50,036
c) Government and other securities	12,518,107	12,721,872	10,052,623	10,218,642
d) Fixed Deposit with Banks	5,128,700	5,128,700	5,546,000	5,546,000
e) Corporate Bonds	19,249,789	20,457,375	15,467,602	15,727,403
f) Money Market Instruments	-	-	-	-
g) Investment Properties - Real Estate	288,251	288,251	-	-
	38,748,264	40,018,599	31,641,039	32,071,522

- Pursuant to IRDA Regulations, ₹ 30,544,423 thousands of the investments representing the Technical Reserves as at March 31, 2016 has been notionally allocated as Policyholders' Funds.
- Investments in the Holding Company as at March 31, 2016 is ₹ 99,924 thousands (Previous Year - ₹ 98,806 thousands)

Schedules forming part of the Financial statements for the year ended March 31, 2016



Schedule 9

Loans

(₹ '000)

Particulars	As at March 31, 2016	As at March 31, 2015
1 Security-wise Classification		
Secured		
(a) On Mortgage of Property	-	-
(b) On Shares, Bonds, Govt. Securities	-	-
(c) Others	-	-
Unsecured	-	-
Total	-	-
2 Borrower - wise Classification		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others	-	-
Total	-	-
3 Performance - wise Classification		
(a) Loans Classified as Standard	-	-
(b) Non-performing Loans less Provisions	-	-
Total	-	-
4 Maturity - wise Classification		
(a) Short Term	-	-
(b) Long Term	-	-
Total	-	-

Schedules forming part of the Financial statements for the year ended March 31, 2016



Schedule 10 Fixed Assets

(₹ '000)

Particulars	Cost / Gross Block			Depreciation / Amortisation			Net Block		
	As at March 31, 2015	Additions	Deductions	As at March 31, 2015	For the Year	On Sales/ Adjustments	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
Land (Undivided Share)	58,032	-	-	-	-	-	-	58,032	58,032
Buildings	329,144	12,643	-	20,968	5,222	-	26,190	315,597	308,176
Furniture and Fittings	44,279	4,530	1,170	32,684	6,991	1,170	38,505	9,134	11,595
Information Technology Equipment	260,623	56,640	1,789	195,244	48,714	1,789	242,169	73,305	65,379
Computer Software (Intangibles)	428,460	32,533	-	338,844	58,740	-	397,584	63,409	89,616
Vehicles	23,152	13,542	8,000	11,079	6,759	5,559	12,279	16,415	12,073
Office Equipment	25,317	1,840	159	20,658	3,053	131	23,580	3,418	4,659
Electrical Fittings	38,366	8,199	1,735	25,817	6,768	1,729	30,856	13,974	12,549
Improvement to Premises	108,043	16,616	112	55,153	20,256	33	75,376	49,171	52,890
TOTAL	1,315,416	146,543	12,965	1,448,994	156,503	10,411	846,539	602,455	614,969
Capital Work in Progress (Including Capital Advances) (Refer Note 7 (a) of Schedule 16)	-	-	-	-	-	-	-	12,789	1,750
GRAND TOTAL	1,315,416	146,543	12,965	1,448,994	156,503	10,411	846,539	615,244	616,719
Previous Period	1,129,872	194,484	8,940	553,427	155,815	8,795	700,447	616,719	

Schedules forming part of the Financial statements for the year ended March 31, 2016



Schedule 11

Cash and Bank Balances

(₹ '000)

Particulars	As at March 31, 2016	As at March 31, 2015
Cash (including Cheques, Drafts and Stamps)	95,445	255,871
Bank Balances on Current Accounts (with Scheduled Banks)	191,450	173,885
Money at Call and Short Notice	-	-
Others (Bank Deposits under Lien - Note 6 (a) of schedule 16)	2,801	12,718
Total	289,696	442,474
Cash Balance includes:		
Cheques on hand	87,367	82,099
Remittances in transit	-	168,804

Schedule 12

Advances and Other Assets

Advances

1 Reserve Deposits with Ceding Companies	-	-
2 Application Money for Investments	-	-
3 Prepayments	284,312	12,888
4 Advances to Directors / Officers	-	-
5 Advance Tax Paid and Taxes Deducted at Source (Net of Provision for Taxation of ₹ 2,432,481 thousands) (Previous Period ₹ 1,484,481 thousands)	200,354	27,670
6 Others: Advances to Employees	674	719
Advances to Vendors	16,827	6,413
Deposits for Premises and Advance Rent	-	-
Service Tax Unutilised Credit / paid in advance	94,333	24,462
Service tax paid under protest (Note 5 of Schedule 16)	48,331	48,217
Other Advances / Deposits (Previous Period - ₹ 240,000 thousands paid towards Investment Property)	448,303	379,499
Total (A)	1,093,134	499,868

Other Assets

1 Income Accrued on Investments	1,152,393	975,421
2 Outstanding Premium including Service Tax, if any (includes ₹ 868,182 thousands (Previous year ₹ 714,271 thousands) from Central & State Governments under Rashtriya Swasthya Bima Yojana Scheme and Weather Based Crop Insurance Scheme)	945,214	722,115
3 Agents' Balances	-	-
4 Foreign Agencies Balances	-	-
5 Due from Other Entities Carrying on Insurance Business	99,900	192,725
6 Premium receivable from other insurance business	-	-
7 Due from Subsidiaries / Holding Company	-	-
8 Deposit with Reserve Bank of India (Pursuant to Section 7 of the Insurance Act, 1938)	-	-
9 Others: Redemption / Sales proceeds receivable	22,451	-
Receivable from IMTPIP Members	-	-
Receivable from Terrorism Pool (includes investment income)	870,950	739,138
Deposits for Premises and Advance Rent	49,686	43,711
Receivable from Declined Risk Pool	5,167	-
Total (B)	3,145,761	2,673,110
Total (A + B)	4,238,895	3,172,978

Schedules forming part of the Financial statements for the year ended March 31, 2016



Schedule 13

Current Liabilities

(₹ '000)

Particulars	As at March 31, 2016	As at March 31, 2015
1 Agents' Balances	64,631	57,838
2 Balances Due to Other Insurance Companies	319,870	201,100
3 Deposits Held on Reinsurance Ceded	-	-
4 Premiums Received in Advance / Deposits Received	652,204	110,764
5 Unallocated Premium	447,458	379,457
6 Sundry Creditors		
- Dues to Micro & Small Enterprises	-	-
- Dues to Others	390,729	527,686
7 Due to Subsidiaries / Holding Company	-	-
8 Claims Outstanding		
- Other than IMTPIP (Net of Reinsurance)	17,541,982	13,916,350
- Dismantled IMTPIP	3,227,865	4,569,148
- Declined Risk Pool	53,030	8,381
9 Due to Officers / Directors	-	-
10 Others: Book Overdraft	182,823	80,299
Tax and Other Withholdings	80,074	8,460
Environment Relief Fund	137	177
Service Tax Payable	18,206	963
Value Added Tax Payable	3	-
Unclaimed Amounts of Policyholders (Note 22 of Sch 16)	120,905	94,073
Total	23,099,917	19,954,696

Schedule 14

Provisions

1 Reserve for Unexpired Risk	12,417,846	8,750,822
Less: Unabsorbed Enrollment costs - Government Schemes	(21,931)	(5,044)
2 For Taxation	-	-
3 For Proposed Dividends	-	-
4 For Dividend Distribution Tax	-	-
5 Other Provisions:		
Premium Deficiency	2,955	-
Leave and other Employee Benefits	231,154	193,545
Total	12,630,024	8,939,323

Schedule 15

Miscellaneous Expenditure

(To the extent not written off or adjusted)

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

Schedules forming part of the Financial statements for the year ended March 31, 2016



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 of India to transact general insurance business.

2. Significant Accounting Policies

A. Basis of Preparation of Financial Statements

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

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

B. Revenue Recognition

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

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



C. Reinsurance Ceded and Commission Received

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

D. Acquisition Cost

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

E. Claims and Premium Deficiency

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

F. Allocation of Operating Expenses

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

G. Investments

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



- (iv) Units of Mutual Funds are valued at the Net Asset Value (NAV). The change in the value is credited / (debited) to the "Fair Value Change Account".
- (v) In accordance with the Regulations, unrealized gain / loss arising due to changes in fair value of listed equity shares and mutual fund investments are taken to the "Fair Value Change Account". The credit balance, if any, in the fair value change account is not available for distribution, pending realisation.
- (vi) Impairment Policy:
 - (a) Equity Shares: The unrealized losses / gains arising due to change in fair value of equity shares will be captured at portfolio level. At the end of the financial year, any diminution in value of a scrip shall be tested for permanent impairment by applying the following tests:
 - A. the company has been continuously incurring losses during the three preceding years (or)
 - B. the company's net worth has been fully eroded (or)
 - C. the company's audited annual accounts are not available for the last two preceding years.Investments in such circumstances may be construed as impaired and would be written down as under:
 - a) Equity shares which are actively traded to their market value
 - b) Equity shares other than which are actively traded or unlisted, to the book value and where the book value is negative, to ₹ 1/-
 - (b) Real Estate: The Company shall provide for permanent impairment loss in investment property carried at cost. The permanent impairment is said to have occurred when there is evidence of drop of more than 50% in the carrying cost for a continuous period of 5 years based on the fair value assessed every year on the balance sheet date by independent valuer.

The impairment loss in such cases shall be recognized as an expense in the Revenue / Profit and Loss Account. Any reversal of impairment loss earlier recognized in Revenue Account / Profit and Loss Account, shall be recognized in the Revenue Account / Profit and Loss Account.
- (vii) Segregation of invested assets is done by notionally allocating the closing Technical Reserves (Aggregate of Net Claims Outstanding and Reserve for Unexpired Risk and other related items) to Policyholders' Funds with the balance being reflected as Shareholders' Funds.
- (viii) Investment income, where directly identifiable with a specific business segment is credited to the business segment and in all other cases is allocated to the respective Revenue Account and the Profit and Loss Account based on the ratio of "Technical Funds" and "Shareholders Funds", respectively.

H. Employee Benefits

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

I. Fixed / Intangible Assets and Depreciation / Amortisation

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



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

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

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

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

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

J. Operating Leases

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

K. Foreign Currency Transactions

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

L. Taxation

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

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



3. Terrorism Pool

- (i) Premium received from customers on account of Terrorism cover has been ceded to General Insurance Corporation of India (GIC) Terrorism Pool Account. The Company's share in the Terrorism Pool Account with GIC, based on the statements of account received during the current year for the period upto December 31, 2015 has been accounted under the respective heads as follows :-
 - a) Premium Inwards - Premium on Reinsurance Accepted
 - b) Claims - under Claims Paid and Claims Outstanding
 - c) Management Expenses - under Operating Expenses Related to Insurance Business
 - d) Investment Income (provisional statements received upto March 31, 2016) - 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, 2016 to March 31, 2016 will be accounted on receipt of the relevant statements of account from GIC.

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

- (i) In accordance with the directions of IRDA, the Company, together with other non-life insurance companies, participates in the Indian Motor Third Party Declined Risk Insurance Pool [DR Pool], a multilateral reinsurance arrangement in respect of specified commercial vehicles and where the policy issuing member insurer cedes the insurance premium to the DR pool (based on underwriting policy approved by IRDA). The DR Pool is administered by General Insurance Corporation of India ('GIC').
- (ii) In terms of the DR Pool agreement,
 - a) Every member insurance company shall underwrite, net of reinsurance, a minimum percentage of "Act only" premium of specified commercial vehicles which is in proportion to the sum of fifty percent of the company's percentage share in total gross premium and fifty percent of the total motor premium of the industry for the financial year.
 - b) The member insurance company has the option of either retaining the "Act Only" premium in its books or ceding 75% (Previous Year – 75%) of the premium.
 - c) The fulfilment or shortfall of the above mandatory obligations shall be determined based on actual premium written (net of reinsurance) by the Company and premium retained with respect to the business ceded to the DR Pool.
 - d) The DR Pool shall be extinguished at the end of every financial year on a clean cut basis, based on the statement of accounts drawn by the Pool Administrator.
- (iii) The Company has recognised the DR Pool transactions in its books as under :
 - a) Amounts collected towards declined risks is reflected in GWP (Direct) and the ceding to the DR Pool in Premium on reinsurance ceded
 - b) Likewise, premium received from the DR Pool is reflected in Reinsurance accepted
 - c) Earned Premium is considered at 100% of the premium received from the DR Pool since the risks have been transferred on a clean cut basis.
 - d) Likewise, the Company's share of incurred claims of the DR Pool has also been considered on 100% of the earned premium and reflected in Claims Paid and Claims Outstanding.
 - e) The Company's share of administrative expenses of the DR Pool is disclosed under expenses of management and are net of deductions, if any.
- (iv) The Motor segment in Miscellaneous Revenue Account for the year ended March 31, 2016 includes ₹ 45,600 Thousands for the underwriting year 2015-16 which is a management estimate (based on the statements circulated by GIC for the 9 months period ended December 31, 2015). The difference, if any, between the estimates and the actual for the underwriting year shall be recognized in the calendar quarter in which the Pool Administrator makes available the audited statement.
- (v) IRDA vide its circular IRDA/NL/CIR/MISC/051/03/2016 dated March 15, 2016 has dismantled DR Pool with effect from 1st April 2016.



5. Contingent Liabilities

(₹ '000)

Particulars	As at March 31, 2016	As at March 31, 2015
Partly paid Investments	Nil	Nil
Outstanding underwriting commitments	Nil	Nil
Claims, under policies, not acknowledged as debts - in respect of a disputed claim under a Fire Policy	Nil	Nil
Claims, other than those under policies, not acknowledged as debts	Nil	Nil
Contested Claims not provided for in respect of Tax matters pending before Appellate Authorities		
(I) Income Tax Matters:		
(i) In respect of disallowance of remittances to Foreign reinsurers for not withholding tax at source together with interest thereon (Note (a) Below)	394,549	316,057
(ii) In respect of disallowance of expense related Motor dealer payments (Note (b) Below)	146,126	–
(iii) In respect of disallowance of reimbursements made to Third Party Administrators (TPAs) for non deduction of tax at source (Note (c) Below)	344,453	–
(iv) Others	134,240	6,608
Total	1,019,368	322,665
(II) Service Tax Matters (in respect of):		
(i) Input Credit Availment on labour charges in motor claims (Note (d) below)	144,050	144,050
(ii) Claim for remittance of Service Tax under “reverse charge” method for Business Auxiliary Services (Note (e) below)	258,768	258,768
(iii) Others (including appeals against penalty only of ₹ 3,318 thousands (Previous Year - ₹ 3,318 thousands))	33,774	32,419
Total	436,592	435,237

- a. The contested Income Tax Demands have been ascertained taking into consideration the relief allowed by Commissioner of Income Tax (Appeals) (CIT (A)) and the principles adopted in the orders of the CIT (A) on similar disputed issues in the previous assessment years. The Company is on appeal before CIT (A) for the assessment years 2010-11 to 2012-13 & reassessments of AY 2008-09 to 2010-11 and before Income Tax Appellate Tribunal (ITAT) for earlier assessment years from 2003-04 to 2009-10, with respect to disallowance amounting to ₹ 2,243,671 thousands (Previous Year - ₹ 1,117,099 thousands). Pending disposal of the appeals, the amounts so far remitted by the Company / adjusted by the Department stands at ₹ 332,502 thousands (Previous Year – ₹ 297,865 thousands) for all the assessment years in respect of the above disallowances. Considering the prevailing industry practice over several decades and the view taken by the Income Tax Department elsewhere in India on the same matter, the Company is of the opinion that the above demands are not sustainable.
- b. Based on Directorate General of Central Excise Intelligence (DGCEI), Chennai Show Cause Notice in respect of service tax transactions on payments made to Motor Dealers, Income Tax Department disallowed the payments made to the Motor Dealers during AY 2008-09 & 2010-11 (re-assessment) and AY 2012-13. Considering that the Motor Dealers were providing various services to all insurance companies in accordance with the guidelines for outsourcing activities prescribed by IRDA, and since the expenses were wholly and exclusively incurred for business purposes, the company is of the opinion that the demand is not sustainable.



- c. Payments made to Third Party Administrators (TPAs) has been disallowed for AY 2012-13 and AY 2008-09 & 2010-11 (reassessments), in respect of claim settlements under cashless scheme to various Hospitals, for non deduction of tax at source. The payments were reimbursements in nature and since the obligation to deduct tax at source is on the TPAs as per the Department's Circular 8/2009 dated 24-11-2009, Company is of the opinion that the demand is not sustainable.
- d. The Company is on appeal to CESTAT against the order of the Commissioner with respect to disallowance of availment of input credit of service tax on labour charges in motor claims for the period July 2007 to March 2011 amounting to ₹144,050 thousands (Previous Year – ₹ 144,050 thousands) (including penalty of ₹ 64,693 thousands (Previous Year – ₹ 64,693 thousands)) and made payments of ₹ 5,000 thousands (Previous Year – ₹ 5,000 thousands) under protest as per stay orders of CESTAT. Considering the view taken by the Service Tax Department elsewhere in India on the same matter, the Company expects to succeed in its appeal.
- e. The Company is on appeal to CESTAT against the order of the Commissioner with respect to the demand of remittance of service tax of ₹ 258,768 thousands (Previous Year – ₹ 258,768 thousands) (for the period from 2006-2007 to 2011-2012), including penalty of ₹ 122,842 thousands (Previous Year – ₹122,842 thousands) under reverse charge method on business auxiliary services availed from certain intermediaries. The Company has remitted ₹ 51,580 thousands (Previous Year – ₹ 51,580 thousands) under protest. As the service providers have remitted Service Tax, there is no loss of revenue to the Government. Tribunals have held that where the remittance is made and there is no jeopardy to the interests of the Revenue, the demand cannot be enforced. The Company is confident of getting the appeals allowed.

6. Encumbrances

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

- a) Deposits under lien to banks amounting to ₹ 2,801 thousands (Previous Year - ₹ 12,718 thousands)
- b) Garnishee orders by MACT on bank balances amounting to ₹ 11,512 thousands (Previous Year – ₹ 12,179 thousands) in respect of Motor Third Party Claims. These amounts duly provided for are included in the Outstanding Claims.

7. Commitments

- (a) There are no commitments made and outstanding for loans. Commitments made and outstanding for fixed assets are ₹ 23,564 thousands (Capital advance paid – ₹ 12,789 thousands) (Previous Year - ₹ 32,195 thousands) (Capital advance paid – ₹ 1,750 thousands).
- (b) Bank guarantees provided to customers / service providers towards performance commitments – ₹ 2,100 thousands (Previous Year - ₹ 2,100 thousands).
- (c) Commitments made and outstanding in respect of investments - ₹ NIL (Previous Year – 26,812 thousands)

8. Provision for Free Look Period:

Pursuant to the Circular CIR/41/IRDA/Health/SN/09-10/32, the Company has made a provision for Free Look period.

9. Claims

(₹ '000)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Claims, less reinsurance, paid to claimants:		
- In India	8,612,044	6,083,561
- Outside India	-	-
Ageing of claims (Gross) - including third party motor claims and reported IMTPIP/ Declined Pool claims:		
- Outstanding for more than six months	9,267,559	8,280,774
- Other Claims	4,809,279	3,970,240



Claims where the claim payment period exceeds four years:

As per circular F&A/CIR/017/May-04, the claims made in respect of contracts where claims payment period exceeds four years, are required to be recognized on actuarial basis. The Company does not have liability contracts where the claims payment period exceeds four years.

10. Premium Retention & Reinsurance

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

(₹ '000)

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	Amount of Business Written (Direct)	% of Business Written (Direct)	Amount of Business Written (Direct)	% of Business Written (Direct)
Risk Retained	20,441,873	83.37	15,649,361	82.78
Risk Reinsured	4,078,161	16.63	3,254,948	17.22
Total	24,520,034	100.00	18,904,309	100.00

The above includes Excess of Loss reinsurance premium of ₹211,928 thousands (Previous Year ₹187,524 thousands) for the year ended on March 31, 2016.

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

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

11. Sector-wise Percentage of Business

(₹ '000)

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	Amount of Business Written (Direct)	% of Business Written (Direct)	Amount of Business Written (Direct)	% of Business Written (Direct)
Rural Sector	3,097,967	12.63	3,089,080	16.34
Other Business	21,422,067	87.37	15,815,229	83.66
Total	24,520,034	100.00	18,904,309	100.00
Social Sector (No. of Lives) (As Certified by the Management)	701,949	-	1,873,639	-
Social Sector (No. of Policies) (As Certified by the Management)	210,177	-	197,960	-

12. Employee Benefits

a) Defined Contribution Plan

(₹ '000)

Expenses on defined contribution plan	As at March 31, 2016	As at March 31, 2015
Contribution to Staff Provident Fund / Family Pension Fund	35,161	28,654
Contribution to Superannuation Fund	12,590	10,838
Total	47,751	39,492



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

The liability in respect of the gratuity plan for employees which is a defined benefit obligation is determined by the Company based on actuarial valuation and the same is funded to Life Insurance Corporation of India (LIC). This valuation considers future salary increases, inflation, attrition levels and other relevant factors such as supply and demand factors in the employment market. The following table, sets out the status of the gratuity plan as at March 31, 2016 as required under AS 15 (Revised).

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

Particulars	As at March 31, 2016	As at March 31, 2015
Obligations at period beginning	38,523	31,645
Service Cost	11,120	7,255
Interest Cost	2,826	2,623
Actuarial (gain) / loss	10,393	1,990
Benefits paid	6,393	4,990
Obligations at period end	56,469	38,523
Change in Plan Assets		
Plan assets at period beginning, at fair value	29,354	25,252
Expected return on plan assets	2,752	2,547
Actuarial (gain) / loss	(2,213)	(152)
Contributions	6,231	6,393
Benefits paid	6,393	4,990
Plan assets at period end, at fair value	34,157	29,354

(All Plan Assets are invested in debt instruments)

Reconciliation of present value of the obligation and the fair value of the plan assets
(₹ '000)

Particulars	As at March 31, 2016	As at March 31, 2015
Fair value of plan assets at the end of the year	34,157	29,354
Present value of defined benefit obligations at the end of the year	56,469	38,523
Asset / (Liability)*	(22,312)	(9,169)
* Recognised as (liability) / asset in Balance Sheet respectively		
Gratuity cost for the year		
Service Cost	11,120	7,255
Interest Cost	2,826	2,623
Expected return on plan assets	2,752	2,547
Actuarial (gain) / loss	8,180	1,838
Net Gratuity Cost	19,374	9,169
Assumptions		
Interest rate	7.75%	8.00%
Estimated rate of return on plan assets	8.50%	9.00%
Salary Escalation Rate	5.50%	5.50%
Attrition Rate	1% - 3%	1% - 3%



Other Disclosures

(₹ '000)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012
Present Value of defined benefit obligation	56,469	38,523	31,645	24,823	22,750
Fair Value of Plan assets	34,157	29,354	25,252	20,224	24,613
Surplus / (Deficit)	(22,312)	(9,169)	(6,393)	(4,599)	1,863

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

The contribution expected to be made by the Company during the financial year 2016-17 amounts to ₹ 78,300 thousands.

13. Earnings Per Share

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Profit After Tax (₹ '000)	1,479,469	1,370,970
Weighted Average Number of Equity Shares	298,805,700	298,805,700
Earnings per Share – Basic and Diluted (₹)	4.95	4.59
Face Value Per Share (₹)	10	10

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

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

(₹ '000)

Deferred Tax Assets arising on	As at March 31, 2016	As at March 31, 2015
Provision for compensated absences & other employee benefits	30,439	23,745
Provision for diminution in investments	–	–
Timing difference between book and tax - Unexpired Risk Reserve	494,195	206,212
Sub-total (a)	524,634	229,957
Deferred Tax Liability arising on		
Timing difference between book and tax written down value of assets	17,225	19,050
Sub-total (b)	17,225	19,050
Deferred Tax Assets / (Liability) (net) (a-b)	507,409	210,907

15. Operating Leases

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

(₹ '000)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Lease rent for the office space and residential accommodation generally for a period of 5 years with option to renew and with escalation in rent once in three years	92,059	81,076
The rentals for Information Technology hardware, Branch Infrastructure (Furniture & Fixtures, Office and Electrical equipments) for a period of 4 years and are renewable at the option of the Company	–	23,972
Minimum Lease Payments		
Not later than one year	–	–
Later than one year but not later than five years	–	–



16. Segmental Reporting

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

Segmental Breakup of the Balance Sheet as at March 31, 2016

(₹ '000)

Particulars	Fire	Marine	Miscellaneous	Unallocated	Total
Claims Outstanding	265,226	50,895	20,506,756	-	20,822,877
	(316,727)	(1,01,584)	(18,075,568)	-	(18,493,879)
Reserve for Unexpired Risk	1,509,497	38,519	10,869,831	-	12,417,847
	(823,430)	(58,910)	(7,868,482)	-	(8,750,822)
Investments	1,629,840	82,114	30,292,169	6,603,125	38,607,248
	(1,000,363)	(140,816)	(25,398,871)	(5,105,653)	(31,645,703)

(Previous year's figures are in brackets)

17. 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.
18. In accordance with Circular No.IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013 and as certified by the Appointed Actuary, there is no premium deficiency at a segment level in respect of fire and marine segments. Within miscellaneous segment, however, there is a premium deficiency of ₹ 2,955 thousands in respect of weather business.
19. Based on, and to the extent of information received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), and relied upon by the auditors, the relevant particulars are furnished below:

(₹ '000)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Principal amount due to suppliers under MSMED Act	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-

20. 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 Limited, Cholamandalam Securities Limited, Shanthi Gears Limited, Financiere C 10 SAS, Sedis SAS, Societe de Commercialisation De Composants Industriels, Sedis Co. Limited, TICI Motors Company Limited, TI Financial Holdings Limited



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

** Cholamandalam Investment and Finance Company Ltd. was a Fellow subsidiary till August 31, 2015 and the details disclosed in the Related Party transactions as at date it ceased to be subsidiary of Tube Investments of India Limited.

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

(₹ '000)

Transaction	Related Party	2015-16	2014-15
Rent Recovery	Mitsui Sumitomo Insurance Company Limited	9,205	8,432
Fees incurred for Risk Inspection and advisory services	Cholamandalam MS Risk Services Limited	114,909	185,997
Premium Income	Tube Investments of India Limited	39,096	34,816
	Cholamandalam Investment and Finance Company Limited	4,928	24,934
	Cholamandalam MS Risk Services Limited	2,066	1,978
	Cholamandalam Distribution Services Limited	98	260
	Cholamandalam Securities Limited	104	566
	Shanthi Gears Limited	4,611	3,585
	Key Managerial Persons	4	-
Claims Incurred (Net) *	Tube Investments of India Limited	33,866	16,320
	Cholamandalam Investment and Finance Company Limited	19,223	72,075
	Cholamandalam MS Risk Services Limited	1,612	1,091
	Cholamandalam Distribution Services Limited	415	91
	Cholamandalam Securities Limited	-	259
Commission Expenses	Cholamandalam Distribution Services Limited	62,871	43,202
Brokerage expenses	Cholamandalam Securities Limited	1,332	670
Reinsurance Ceded	Mitsui Sumitomo Insurance Company Limited	492,716	482,013
Reinsurance Commission Received	Mitsui Sumitomo Insurance Company Limited	68,239	72,620
Reinsurance Recovery on Claims	Mitsui Sumitomo Insurance Company Limited	408,324	356,703
Management Expenses, Sitting Fees, Secondment charges, Marketing Expenses and Technical fees	Tube Investments of India Limited	-	-
	Mitsui Sumitomo Insurance Company Limited	10,064	9,535
	Cholamandalam MS Risk Services Limited	579	2,151
	Cholamandalam Investment and Finance Company Limited	131,783	234,337
	Shanthi Gears Limited	106	1,455
Management Expenses Recovered	Tube Investments of India Limited	429	55
	Mitsui Sumitomo Insurance Company Limited	2,394	2,088
	Cholamandalam MS Risk Services Limited	5,856	3,524
	Cholamandalam Investment and Finance Company Limited	718	1,874
	Shanthi Gears Limited	683	554
Investments in debt instruments during the year	Tube Investments of India Limited	-	-
	Cholamandalam Investment and Finance Company Limited	367,949	201,276



Transaction	Related Party	2015-16	2014-15
Investments redeemed during the year	Tube Investments of India Limited	-	-
	Cholamandalam Investment and Finance Company Limited	-	199,000
Interest Received	Tube Investments of India Limited	603	603
	Cholamandalam Investment and Finance Company Limited	-	30,499
Interest Income Accrued	Tube Investments of India Limited	8,199	8,197
	Cholamandalam Investment and Finance Company Limited	42,719	47,050
Managerial Remuneration – Managing Director	Key Management Personnel (Refer Note 24 (a))	21,478	18,956
Secondment Charges – Whole Time Director	Key Management Personnel	2,533	2,533
Net Amounts Receivable / (Due) at year end			
Payable (Net) -Claims Outstanding	Tube Investments of India Limited	(3,635)	(1,270)
	Cholamandalam Investment and Finance Company Limited	-	(4,959)
Receivable/(Payable) (Net)- Due from other entities carrying on insurance business	Mitsui Sumitomo Insurance Company Limited	91,176	41,266
Investments in debt / money market instruments	Tube Investments of India Limited	100,000	100,000
	Cholamandalam Investment and Finance Company Limited	-	600,000
Receivable (Net) – Management expenses and rent	Tube Investments of India Limited	485	1,046
	Shanthi Gears Limited	237	399
	Mitsui Sumitomo Insurance Company Limited	2,467	1,450
Advance Premium Deposit (Liability)	Tube Investments of India Limited	(448)	(621)
	Cholamandalam Investment and Finance Company Limited	-	(21,048)
Receivable / (Payable) (Net) – Risk Services cost, Commission & Marketing Expenses and Management expenses recovery	Cholamandalam MS Risk Services Limited	23,320	11,170
	Cholamandalam Investment and Finance Company Limited	-	(816)
	Cholamandalam Distribution Services Limited	-	(2,454)
* Gross Incurred Claims	Tube Investments of India Limited	71,948	23,643
	Cholamandalam Investment and Finance Company Limited	22,432	87,610
	Cholamandalam MS Risk Services Limited	1,679	1,160
	Cholamandalam Distribution Services Limited	436	98
	Cholamandalam Securities Limited	-	273



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

(₹ '000)

S. No.	Authority	Non-Compliance / Violation	Penalty awarded	Penalty paid	Penalty waived / Reduced
1	Insurance Regulatory & Development Authority	Non-compliance with File & Use Guidelines of IRDA	100 (Nil)	100 (Nil)	Nil (Nil)
		Non-compliance of IRDA regulations as per IRDA Inspection carried out	2500 (Nil)	2500 (Nil)	Nil (Nil)
2	Service Tax Authority	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
3	Income Tax Authority	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4	Any other Tax Authority (Sales Tax)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
5	Enforcement Directorate / Adjudicating Authority / Tribunal or any Authority under FEMA	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6	Registrar of Companies / NCLT / CLB / Department of Company Affairs or any Authority under Companies Act, 2013	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
7	Penalty awarded by any Court / Tribunal for any matter including claim settlement but excluding compensation	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
8	Securities and Exchange Board of India	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
9	Competition Commission of India	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
10	Any other Central / State / Local Government / Statutory Authority	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

(The figures within brackets represent previous year's figures)



22. 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, 2016 is given below :

(₹ '000)

Particulars	Total Amount	4 - 12 months	13 -18 months	19 - 24 months	25 - 30 months	31 - 36 months	Beyond 36 months
Claims settled but not paid to the policyholders / insured due to any reasons except under litigation from the insured / policyholders	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sum due to the insured / policyholders on maturity or otherwise	NA	NA	NA	NA	NA	NA	NA
Any excess collection of the premium/ tax or any other charges which is refundable to the policyholders either as terms or conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	10,412	3,583	887	995	560	792	3,595
Cheques issued but not encashed by the policyholder / insured	95,583	27,287	9,474	6,070	11,234	8,014	33,504
Total	105,995	30,870	10,361	7,065	11,794	8,806	37,099

23. Directors' Remuneration

(a) Remuneration to Managing Director

(₹ '000)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Salaries and Allowances*	19,220	17,051
Contribution to Provident and Other Funds*	2,127	1,758
Perquisites	131	147
Total	21,478	18,956

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

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

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

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

(b) Remuneration to Non-Executive Directors

(₹ '000)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Commission	5,250	4,274
Sitting Fees	2,970	1,970



24. 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.
25. 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.

26. Corporate Social Responsibility

- a. Gross Amount required to be spent by the Company during the year is ₹ 26,080 thousands (Previous year – ₹ 14,000 thousands)

- b. Activity wise spend:

(₹ '000)

S. No.	Particulars	March 31, 2016 (paid in Cash)	March 31, 2015 (paid in Cash)
1	Education	20,500	8,650
2	Art and Culture	1,750	-
3	Sports	2,785	-
4	Health Care	605	720
5	Environmental Sustainability	500	-
	Total	26,140	9,370

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

(₹ '000)

S. No.	Sch	Particulars	Previous year figures reported in current year	Reported in previous year	Difference	Reasons
1	10	Land	58,032	37,191	20,841	Bifurcation of property purchased in FY 2014-15 split between Land and Buildings
2	10	Building	329,144	349,985	(20,841)	

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

Pradeep V Bhide
Chairman

S S Gopalarathnam
Managing Director

N Srinivasan
Director

Takahiko Shibakawa
Wholetime Director

Date : April 27, 2016
Place: Chennai

Suresh Krishnan
Company Secretary

S K Rangaswamy
Chief Financial Officer

Annexure A Note 16 of Schedule 16

Segmental reporting for the year ended March 31, 2016

(₹ '000)

Particulars	Fire		Marine		Miscellaneous										Investment Income/ Other Income	Total	
	Year	Cargo	Other than Cargo	Total	Motor	OD	TP	IMTIP	Workmen's Compensa- tion	Public / Product Liability	Engineering	Aviation	Personal Accident	Health Insurance			Others
Premium from Direct Business Written	2014-15	2,046,836	757,125	16,676,105	7,505,125	9,170,980	-	51,386	107,090	202,830	-	1,089,940	2,023,621	1,565,100	21,716,072	-	24,520,034
	2015-16	1,243,406	641,291	12,790,682	5,922,253	6,868,929	-	33,671	63,986	247,939	-	651,067	1,728,596	1,483,500	17,019,601	-	18,904,309
Add: Premium on Reinsurance Accepted	2014-15	65,258	-	54,676	-	54,676	-	-	-	17,772	-	-	-	-	72,448	-	137,706
	2015-16	64,253	-	(16,630)	-	(16,630)	-	-	-	11,906	-	-	-	-	(4,124)	-	60,129
Less: Premium on Reinsurance Ceded	2014-15	681,054	620,127	6,201,228	878,506	394,815	-	2,369	66,091	106,440	-	113,653	131,677	1,203,701	2,502,457	-	4,082,728
	2015-16	435,809	435,810	6,792,227	312,688	366,539	-	2,684	25,861	130,057	-	64,455	121,107	1,125,693	2,158,084	-	3,254,948
Adjustment for Charges in Reserve for Unexpired Risk	2014-15	686,067	(20,391)	2,393,922	979,599	1,403,993	-	(1,329)	4,591	(9,977)	-	382,443	260,636	11,393	3,001,349	-	3,667,025
	2015-16	212,508	2,769	436,787	769	436,018	-	3,666	5,452	1,752	-	134,854	95,732	(5,082)	673,161	-	888,459
Premiums Earned (Net)	2014-15	465,884	157,379	10,458,683	6,100,711	7,307,972	-	50,326	36,408	124,139	-	623,844	1,831,308	350,006	16,284,714	-	16,907,987
	2015-16	484,097	202,683	11,638,838	5,608,796	6,050,042	-	47,321	32,673	118,896	-	451,758	1,511,757	362,889	14,184,232	-	14,821,031
Profit / (Loss) on Sale / Redemption of Investments	2014-15	11,675	599	171,289	32,665	136,624	-	286	273	615	-	7,698	4,476	(148)	184,689	-	249,067
	2015-16	9,566	1,385	166,605	33,436	132,240	929	318	305	1,109	-	6,365	4,058	435	179,195	-	245,545
Other income	2014-15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2015-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others:	2014-15	701	561	-	-	-	-	3	32	32	-	26	21	7	89	-	1,351
	2015-16	555	484	-	-	-	-	4	57	57	-	26	13	8	108	-	1,147
Administrative Charges	2014-15	55,197	-	-	-	-	-	-	-	11,530	-	-	-	-	-	-	66,727
	2015-16	52,949	-	-	-	-	-	-	-	8,827	-	-	-	-	-	-	60,670
Investment income from pool (Terrorism pool)	2014-15	127,197	6,524	2,299,438	355,876	1,491,192	-	452,370	2,973	8,878	-	83,872	48,765	(1,607)	2,445,431	-	370,329
	2015-16	105,566	15,282	2,159,482	388,978	1,459,910	331,194	3,514	3,371	12,235	-	70,237	44,780	4,788	2,288,407	-	284,983
Interest and Dividend - Gross	2014-15	60,654	165,063	15,939,410	6,519,252	8,966,096	454,122	53,724	39,657	145,394	-	715,440	1,684,570	348,238	18,926,453	-	20,174,613
	2015-16	60,217	219,834	13,984,925	6,011,210	7,641,592	332,123	51,153	36,353	140,724	-	528,396	1,560,608	368,120	16,670,269	-	17,777,396
Total Segmental Revenue	2014-15	170,153	86,369	10,582,803	3,249,667	7,169,154	143,982	19,259	5,523	99,837	-	287,867	771,132	331,733	11,961,154	-	12,237,676
	2015-16	276,885	145,416	9,237,386	2,851,519	6,022,981	362,886	9,024	9,463	61,114	-	196,575	832,944	292,412	10,638,918	-	11,061,219
Claims Incurred (Net)	2014-15	120,968	33,282	522,355	522,355	-	-	11,067	16,821	16,821	-	11,804	153,909	24,491	740,447	-	894,697
	2015-16	113,035	53,493	421,021	421,021	-	-	2,266	10,981	18,712	-	13,810	151,042	28,994	646,846	-	813,374
Direct Commission Paid	2014-15	1,471	-	-	-	-	-	-	-	198	-	-	-	-	198	-	1,669
	2015-16	696	-	-	-	-	-	-	-	53	-	-	-	-	53	-	749
Commission on Reinsurance Accepted	2014-15	80,672	85,158	80,572	56,942	24,230	-	358	26,772	16,830	-	22,932	14,063	229,348	390,975	-	556,805
	2015-16	71,443	64,097	61,602	44,420	17,182	-	403	3,169	23,680	-	12,899	13,014	231,489	346,256	-	481,796
Commission on Reinsurance Ceded	2014-15	250,258	28,556	4,305,765	1,937,378	2,368,407	-	10,126	8,501	28,516	-	227,554	442,354	118,755	5,141,591	-	5,420,407
	2015-16	144,261	39,526	3,218,943	1,489,140	1,728,603	-	13,456	10,122	30,916	-	167,030	481,283	153,381	4,074,533	-	4,296,322
Operating Expenses Related to Insurance Business	2014-15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2015-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenditure / (Income)	2014-15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,047
	2015-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118,712
Premium Deficiency	2014-15	-	-	-	-	-	-	-	-	-	-	-	-	-	2,955	-	2,955
	2015-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenses	2014-15	482,178	63,049	15,310,371	5,653,058	9,513,331	143,982	29,027	(1,661)	88,442	-	504,293	1,299,332	245,585	17,475,369	-	18,043,646
	2015-16	463,434	174,338	12,815,148	4,717,860	7,734,402	362,886	24,363	27,397	87,117	-	364,516	1,452,235	243,298	15,014,094	-	15,770,580
Segmental Profit	2014-15	198,476	102,014	629,039	866,194	(547,295)	310,140	24,697	41,388	56,892	-	211,147	385,238	102,673	1,451,084	-	2,130,967
	2015-16	138,693	45,496	1,169,777	1,293,350	(92,810)	(30,763)	26,790	8,956	53,607	-	163,870	108,353	124,822	1,656,175	-	2,006,806
Provision For Taxation (net of MAT Credit)	2014-15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	651,488
	2015-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	635,636
Net Profit for the year	2014-15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,479,469
	2015-16	37%	55%	0%	53%	96%	38%	15%	15%	48%	-	46%	44%	94%	74%	-	72%
Net Incurred Claims / Net Earned Premium (%)	2014-15	64%	72%	0%	51%	100%	19%	29%	29%	51%	-	44%	55%	81%	75%	-	75%

Note:
Segment Expenses are not of Commission on Reinsurance Ceded.



Summary of Financial Statements



Registration No: 123

Date of Registration with IRDA July 15, 2002

(₹ '000)

S. No	Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
OPERATING RESULTS											
1	Gross Premium Written (Note 1)	24,520,034	18,904,309	18,551,145	16,208,906	13,465,362	9,679,864	7,848,548	6,854,351	5,223,354	3,117,320
2	Net Premium Income (Note 2)	20,575,012	15,709,490	15,519,967	13,500,583	9,907,740	7,268,600	5,146,347	4,341,377	3,211,287	1,592,591
3	Income from Investments (Net)	2,842,842	2,670,071	1,741,546	1,367,944	731,176	479,953	400,694	282,980	183,924	94,743
4	Others	1,351	1,147	1,711	1,489	645	746	714	1,201	1,268	1,127
5	Total Income	23,419,205	18,380,708	17,263,224	14,870,016	10,639,561	7,749,299	5,547,755	4,625,558	3,396,479	1,688,460
6	Commission (Note 3)	339,561	332,327	218,647	170,450	136,820	(17,827)	(214,478)	(280,063)	(226,559)	(211,475)
7	Operating Expenses (Note 4)	5,420,407	4,258,322	3,903,430	3,310,312	2,804,107	2,331,067	1,939,517	1,639,532	1,321,193	794,856
8	a) Claims	12,237,676	11,061,219	11,374,011	9,003,657	6,581,753	4,857,802	3,443,377	2,757,790	1,556,531	707,663
	b) Increase in Unexpired Risk Reserve and Other Outgoes	3,667,025	888,459	1,206,330	1,826,241	1,216,439	994,932	523,454	487,731	722,712	319,803
	c) Premium Deficiency	2,955	-	-	-	-	(12,826)	12,826	-	(2,400)	2,400
9	Operating Profit / (Loss)	1,751,581	1,840,381	560,806	559,356	(99,558)	(403,850)	(156,940)	20,568	25,002	75,211
NON-OPERATING RESULTS											
10	Total Income under Shareholders' Account	379,386	166,425	454,969	330,744	254,506	177,946	175,442	97,925	80,397	62,662
11	Profit / (Loss) before tax	2,130,967	2,006,806	1,015,775	890,100	154,950	(225,903)	18,502	118,493	105,399	137,872
12	Provision for Tax	651,498	635,836	314,802	288,139	(36,290)	3,435	(5,082)	48,581	33,023	13,004
13	Profit / (Loss) after Tax	1,479,469	1,370,970	700,973	601,961	191,240	(229,339)	23,584	69,912	72,375	124,869
MISCELLANEOUS											
14	Policyholders' Account (Note 5)										
	Total Funds	-	-	-	-	-	-	-	-	-	-
	Total Investments	-	-	-	-	-	-	-	-	-	-
	Yield on Investments	-	-	-	-	-	-	-	-	-	-
15	Shareholders' Account										
	Total Funds	-	-	-	-	-	-	-	-	-	-
	Total Investments	-	-	-	-	-	-	-	-	-	-
	Yield on Investments	-	-	-	-	-	-	-	-	-	-
16	Paid up Equity Capital	2,988,057	2,988,057	2,988,057	2,919,875	2,836,450	2,669,600	2,669,600	1,419,600	1,419,600	1,419,600
17	Net Worth	8,528,552	7,190,099	5,824,426	4,359,402	3,256,939	2,569,896	2,793,279	1,475,231	1,434,491	1,379,634
18	Total Assets (Note 6)	44,258,493	36,088,781	31,263,010	24,859,605	15,097,038	11,679,004	7,513,063	5,366,412	4,700,066	3,360,834
19	Yield on Total Investments	9.58%	10.06%	9.30%	9%	8.50%	7.84%	8.60%	8.02%	8.01%	6.17%
20	Incurred claims ratio (NIC/ NEP)	72.38%	74.63%	79.46%	77.12%	75.73%	77.43%	74.49%	71.56%	62.55%	55.60%
21	Commission ratio (Commission / Net written premium)	1.65%	2.12%	1.41%	1.26%	1.38%	(0.25%)	(4.17%)	(6.45%)	(7.06%)	(13.28%)
22	Expenses ratio (Expenses / Gross direct premium)	22.11%	22.53%	21.04%	20.42%	20.82%	24.08%	24.71%	23.92%	25.29%	25.50%
23	Earnings per Share (₹)	4.95	4.59	2.37	2.08	0.69	(0.86)	0.11	0.49	0.51	0.88
24	Book Value per Share (₹)	28.54	24.06	19.49	14.93	11.48	9.63	10.46	10.39	10.10	9.72
25	Total Dividend	-	-	-	-	-	-	-	-	-	-
26	Dividend per Share (₹)	-	-	-	-	-	-	-	-	-	-
27	Solvency Margin (times)	1.61	1.59	1.61	1.42	1.33	1.61	1.76	1.02	2.00	2.63
28	Solvency Margin (times) (Regulatory Requirement)	1.50	1.50	1.50	1.40	1.30	1.30	1.50	1.50	1.50	1.50

Notes:

- 1) Gross Premium Written represents Premium on Direct Business Written.
- 2) Net Premium Income represents Gross Written Premium Net of Reinsurance Accepted & Ceded.
- 3) Commission is net of Commission earned on Reinsurance Ceded.
- 4) Operating expenses are taken net of gains from the sale of fixed assets, if any and excludes exceptional expenditure.
- 5) Pursuant to IRDA Regulations, ₹ 30,544,423 thousands of the investments representing the Technical Reserves as at March 31, 2016 has been notionally allocated as Policy holders' Funds.
- 6) Total Assets is defined as Net Fixed Assets + Investments + Current Assets+Deferred Tax assets.



Performance Ratios

Registration No: 123

Date of Registration with IRDA July 15, 2002

S. No.	Type of Ratio	Method of Computing	2015-16	2014-15
1	Gross Direct Premium Growth Rate (Segment Wise)	Gross Premium for the Current Year / Gross Premium for the previous year	Schedule 1	Schedule 1
2	Gross Direct Premium to Net Worth Ratio	Gross Premium for the Current Year / (Paid up capital plus Free Reserves)	2.88	2.63
3	Growth Rate of Net Worth	Net Worth as at the current balance sheet date / Net Worth as at the previous balance sheet date	18.62%	23.56%
4	Net Retention Ratio (Segment wise)	Net Premium / Gross Premium	Schedule 2	Schedule 2
5	Net Commission Ratio (Segment wise)	Commission net of Reinsurance / net written premium	Schedule 3	Schedule 3
6	Expenses of Management to Gross Direct Premium Ratio (Note 1)	Expenses of management (operating expenses plus direct commission) / gross direct premium	25.75%	26.83%
7	Expenses of Management to Net Written Premium Ratio (Note 1)	Expenses of management (operating expenses plus direct commission) / Net Written Premium	30.69%	32.28%
8	Net Incurred Claims to Net Earned Premium	Net Incurred Claims / Net Earned Premium	72.38%	74.63%
9	Combined Ratio	Net incurred claims divided by Net Earned Premium plus expenses of management (including net commission) divided by Net written premium	100.37%	103.85%
10	Technical Reserves to Net Premium Ratio	Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims / Net premium	1.62	1.73
11	Underwriting Balance Ratio (Segment wise) (Note 2)	Underwriting profit / Net premium	Schedule 4	Schedule 4
12	Operating Profit Ratio	Underwriting profit (loss) plus investment income / Net premium	10.36%	12.41%
13	Liquid Assets to Liabilities Ratio (Note 3)	Liquid assets of the insurer / policy holders' liabilities	0.14	0.19
14	Net Earning Ratio	Profit after tax / Net premium	7.19%	8.73%
15	Return on Net Worth	Profit after tax / Net worth	17.35%	19.07%
16	Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ratio	Available Solvency Margin at the end of the Quarter to the Required Solvency Margin required to be maintained as per regulations	1.61	1.59
17	NPA Ratio		NIL	NIL

Notes:

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

Registration No: 123

Date of Registration with IRDA: July 15, 2002

Schedule	Particulars	Year	Fire	Marine			Miscellaneous										Total
				Cargo	Other than Cargo	Total	Motor	Workmen's Compensation	Public / Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total Misc		
Schedule 1	Gross Premium for the Current Year / Gross Premium for the previous year	2015-16	64.62%	18.06%	-	18.06%	30.37%	(4.26%)	67.36%	(18.18%)	-	67.41%	17.07%	5.50%	27.59%	29.71%	
		2014-15	13.14%	(1.23%)	(89.62%)	(1.24%)	2.35%	13.64%	(84.54%)	(10.49%)	-	9.29%	(10.92%)	10.09%	1.29%	1.90%	
Schedule 2	Net Retention Ratio (Net Written Premium) / (Gross Premium + RI Acceptance)	2015-16	54.54%	18.09%	90.91%	18.09%	94.75%	95.35%	38.28%	51.75%	-	89.57%	93.49%	23.09%	88.51%	83.44%	
		2014-15	49.45%	32.04%	90.91%	32.04%	94.68%	95.00%	59.58%	46.48%	-	90.10%	92.99%	24.12%	87.32%	82.84%	
Schedule 3	Net Commission Ratio (Commission Paid Net of Reinsurance / Net Written Premium)	2015-16	3.63%	(37.87%)	-	(37.87%)	2.79%	(0.73%)	(38.31%)	0.08%	-	(1.14%)	7.39%	(56.66%)	1.81%	1.65%	
		2014-15	6.54%	(5.16%)	-	(5.16%)	2.97%	3.69%	20.49%	(4.07%)	-	0.16%	8.59%	(56.59%)	2.02%	2.12%	
Schedule 4	Underwriting Balance Ratio (Underwriting Profit / Net Earned Premium)	2015-16	0.01	0.60	0.80	0.60	(0.14)	0.42	1.05	0.29	-	0.19	0.20	0.31	(0.07)	(0.06)	
		2014-15	(0.07)	0.14	0.89	0.14	(0.10)	0.49	0.16	0.27	-	0.19	0.04	0.33	(0.06)	(0.06)	

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, along with the Company's operating plans and are subject to certain future events and uncertainties, which could cause actual results to differ materially from those indicated by such statements.

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

The Spirit of the Murugappa Group

Integrity

Responsibility

Passion

The five lights

The values, principles and beliefs that have always guided us and continue to show the way forward.

Respect

Quality

Integrity

We value professional and personal integrity above all else. We achieve our goals by being honest and straightforward with all our stakeholders. We earn trust with every action, every minute of every day.

Passion

We play to win. We have a healthy desire to stretch, to achieve personal goals and accelerate business growth. We strive constantly to improve and be energetic in everything that we do.

Quality

We take ownership of our work. We unflinchingly meet high standards of quality in both what we do and the way we do it. We take pride in excellence.

Respect

We respect the dignity of every individual. We are open and transparent with each other. We inspire and enable people to achieve high standards and challenging goals. We provide everyone equal opportunities to progress and grow.

Responsibility

We are responsible corporate citizens. We believe we can help make a difference to our environment and change lives for the better. We will do this in a manner that befits our size and also reflects our humility.



murugappa

Be the energy



A smart range of health insurance plans

-  AYUSH (Ayurveda, Unani, Siddha & Homeopathy) treatment covered in addition to Allopathy
-  Tax benefits
-  Discount on long term policy purchase



FREEDOM includes benefits of the **VALUE** plan above, plus...



-  Freedom to decide your treatment
-  Freedom to decide your choice of doctor/hospital
-  Freedom to decide on room
-  Freedom from surprises

ENRICH includes benefits of the **FREEDOM** plan above, plus...

-  Double SI for 14 critical illnesses & any accident
-  50% cumulative bonus of your SI per year; max 100%
-  Lumpsum for extended hospitalization cover beyond SI
-  Free health checkup



Call 1800 200 5544 or SMS CHOLA to 56677* cholainsurance.com



Cholamandalam MS General Insurance Company Limited

(A Joint Venture between Murugappa Group & Mitsui Sumitomo Insurance Company Ltd., Japan)

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Prohibition of rebates

41. (1) No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing or continuing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer: Provided that acceptance by an insurance agent of commission in connection with a policy of life insurance taken out by himself on his own life shall not be deemed to be acceptance of a rebate of premium within the meaning of this sub-section if at the time of such acceptance the insurance agent satisfies the prescribed conditions establishing that he is a bona fide insurance agent employed by the insurer.

(2) Any person making default in complying with the provisions of this section shall be liable for a penalty which may extend to ten lakh rupees. Trade logo displayed above belongs to Tube Investments of India Ltd. and Mitsui Sumitomo Insurance Company Ltd. used by Chola MS under license.

Insurance is the subject matter of the solicitation. *SMS charges as applicable.

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Cholamandalam MS General Insurance Company Limited
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