



DIGITAL & HUMAN

Annual Report 2020-21

Cholamandalam MS General Insurance Company Limited

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CAUTIONARY STATEMENT

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

INSURANCE IS NOW SIMPLE WITH CHOLA MS

**From vehicles, to homes, and health, we are here to
simplify your life and protect the things that matter most.**



**2 Wheeler
Insurance**



**Car
Insurance**



**Home
Insurance**



**Health
Insurance**



**Commercial
Vehicle Insurance**



DIGITAL & HUMAN

We at Chola MS understand the value of human connections. Years ago, we had embarked upon a journey that focused on the growth of liberalised India. We aimed at protecting the lives, homes and businesses of those who ventured along with us. Now, as we stride into the digital age, we continue to embrace those smaller joys that reinforce our relationships and primary aspirations. We vow to hold on to what makes us human while continuing to provide you with a quicker and more efficient helping hand through every step of your journey.

FROM THE CHAIRMAN'S DESK

DEAR SHAREHOLDER,

The year 2020-21 symbolised the uncertain environment and the profound impact that the COVID-19 left on mankind and on all countries across the world. Human resilience has been under utmost test amidst the turmoil – physical, mental, financial – that a vast section of the population in our country has undergone and, the onslaught is not over yet, as we are slowly emerging out of the grip of the second wave. The silver lining is in that vaccines are available and the government has a firm program for completion of substantive vaccination of the population in a time bound manner.

Even as the pandemic year of 2020-21 impacted all industries including the general insurance industry, health and safety of our employees along with continuity of service to our policyholders, have remained our top priorities.

During the year, the general insurance industry (multi line players) grew by 2% to reach a level of ₹1,698 billion with the private sector players taking up a 57.7% share. In the context of the pandemic, the efforts of the regulator, through the year, by way of timely interventions on matters relating to health insurance was noteworthy.

Amidst all these, the Company achieved a GWP of ₹44 billion and held its market share. The Company enhanced its reach in bancassurance, secured new tie-ups with OEMs in cars and two-wheelers and added channel partners across its verticals. The Company also made considerable progress in digitising its operations. The Company attained profit after tax of ₹2,817 million which is the highest in the annals of the Company.

The Company continues to win the trust and support of our esteemed customers and pledges its commitment to serving its customers through a gamut of high-quality products and technology enabled processes.

The pandemic induced negative growth in the economy in 2020-21, despite the second wave, is poised to improve. As the economy improves, it is imperative for the sector to keep evolving in terms of innovative product offerings, continuous sprucing up of servicing capabilities, developing risk mitigation models and orient its thinking towards protecting life, livelihoods and healthy living. At the organisational level, there



is the need to step up processes and work practices for enhancing efficiency and productivity. I am looking forward to the characteristic spirit of the Murugappa coming to the fore and driving new initiatives across all these areas.

The members of the Board continue to be a great source of encouragement and support to the Company's management team, and personally, to me. I thank them for their involvement and participation. The Board is thankful to Mr. Hideo Yoshida who stepped down after his term came to an end on March 31, 2021. I also take the opportunity to welcome Mr. Akihiko Ikeno who has been inducted into the Board.

My appreciation and best wishes to the Senior Leadership and the entire team of Chola MS for putting in a creditable performance in such uncertain circumstances arising out of the pandemic.

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

Warm Regards,
M M MURUGAPPAN
Chairman

FROM THE MANAGING DIRECTOR'S DESK

DEAR SHAREHOLDER,

I am writing to you even as we are in the thick of the second wave of COVID-19 which continues to wreak havoc. As a country, we are undergoing an unprecedented and prolonged health crisis which has enhanced fatality rates and shook the confidence of the general public. Every organisation has been grappling with multiple challenges of ensuring the safety of their employees, restoration of normalcy of business operations and making transitions to align with the changing business and work environment.

In FY 20-21, in the wake of the pandemic outburst, the general insurance sector underwent a difficult phase. The industry (excluding stand-alone health insurers) has displayed resilience by attaining a growth of 2% in the year, helped by the burn cost linked price in property insurance and enhanced health awareness even as volumes in motor and crop insurance recorded a sharp reduction.

The introduction of several standard products across lines of businesses by the Regulator was a welcome step aimed at reducing product related ambiguities, eliminating mis-selling and enhancing policyholders' protection. Besides the considerable adverse impact on the premium growth, COVID-19 also caused a substantive rise in health claims for all insurers as no insurer had factored in their product pricing the intensity of a pandemic of such proportion and frequency. The adverse impact of health claims was partly mitigated by the lockdown induced reduction in motor claims but the challenges of adequacy of pricing – both own damage and third party premium – remain. The anticipated notification of the insurance related chapters of the amended Motor Vehicles Act (approved by Parliament in August 2019) has not happened yet aggravating the situation.

Cholamandalam MS General Insurance Company Limited (Chola MS) registered a GWP of ₹44 billion (drawing level with the volumes of the previous year). Even as there was degrowth in the commercial vehicle segment of motor insurance, there was strong growth in other product categories of motor and in commercial lines of insurance. The underwriting performance reflected the impact of COVID-19 (as aforesaid) in health claims and competitive pressures in the market relating to business sourcing costs. Aided by the long-term premium component, the investment corpus crossed the ₹110 billion mark. Investment income (including profit on sale of investments) was at ₹8,039 million. During the year, Chola MS provided ₹1,045 million for stressed investment assets and there are no further worries on the investment book front. Chola MS attained a PBT of ₹3.7 billion (as against ₹2.5 billion in the previous year) and ended with a solvency ratio of 2.078 times as at March 31, 2021.

Chola MS added several new channels and partners across bancassurance, OEMs, digital marketers and added to its agency force. Chola MS continues to expand its presence in Tier II / III markets. All these efforts towards penetrating the market combined with the digital thrust for ease of business



operations in transacting, policy issuance and claims servicing would reflect in the business results of the ensuing years.

Chola MS continues its philosophy and practice of operating as a watchful and conservative underwriter. This has helped Chola MS in securing improved reinsurance capacities and terms. Chola MS is now amidst its IT transformation journey by way of several initiatives such as migration to a cloud platform, revamped customer journeys for its products, use of artificial intelligence in its processes etc. In the pandemic environment, Chola MS continued to maintain its servicing standards despite hardship and difficulties on operating from a WFH environment for a substantive part of the year. Chola MS, recognising its responsibility to the society, spent ₹40.1 million in CSR activities across various programs aimed at promotion of education, healthcare, road safety and protection of art & culture.

We were honoured to receive the following accolades:

- a) Recognition as Best Brand by Economic Times
- b) Celent Model Insurer of the Year 2021 award for legacy technology transformation initiatives
- c) Best Insurance Company (Bancassurance) – General by Insurance Alertss
- d) Best Employer Brand Award at Tamil Nadu – Best Employer Brand Awards hosted by World HRD Congress

These awards serve as a testament to the high standards with which we operate and reflect the hard work and dedication of our team.

As we look ahead, we are excited about the continued long-term growth potential of the industry, our business prospects and the opportunity to add value to all stakeholders.

I express my gratitude to our customers, regulators, business partners, intermediaries, reinsurers, vendors and everyone at Chola MS for the hard work they have put in to achieve this. I would also like to take this opportunity to especially thank our shareholders, Cholamandalam Financial Holdings Limited and Mitsui Sumitomo Insurance Company Limited, Japan for their valuable support and faith in us.

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

Best Regards,
V SURYANARAYANAN
Managing Director

PROFILE OF DIRECTORS



MR. M M MURUGAPPAN,
Chairman (DIN: 00170478) 65 years

Mr. M M Murugappan is the Chairman of the Board. He holds a Bachelor’s degree in Chemical engineering from the University of Madras, India, and a Master’s degree in Chemical Engineering from the University of Michigan, USA. He is also the Chairman of Cholamandalam Financial Holdings Limited, Carborundum Universal Limited and Cyient Limited. He serves on the Boards of various other companies including Ambadi Investments Limited. He served on the Board of Governors of IIT Madras for Six years till November 2011. He now serves on the Board of the IIT Madras Research Park. He is a trustee of AMM Foundation and is actively involved in the Foundation’s activities particularly in the area of education.



MR. MARGAM RAMA PRASAD,
Independent Director (DIN: 01637947) 68 years

Mr. Margam Rama Prasad holds a Master’s degree in Statistics and is an Associate member of the Insurance Institute of India. He is a former Wholetime member of Insurance Regulatory and Development Authority of India in Non-Life Insurance. He has over 40 years of experience in the insurance sector. He was an Ex-Officio member in the Reinsurance Committee of International Association of Insurance Supervisors, the Governing Councils of Insurance Information Bureau, and in Institute of Insurance and Risk Management. Mr. Margam Rama Prasad served as the Chairman of General Insurance Council of India. He had held Directorships in The Thana Electric Supply Company Limited, GIC Housing Finance Limited, SHCIL Services Limited, Institute Of Insurance And Risk Management, Indian Institute Of Insurance Surveyors And Loss Assessors. He joined the Board of Chola MS in July 2017.



MR. KANCHERLA LUKE RAVINDRANATH BABU,
Independent Director (DIN: 06954320) 65 years

Mr. K L R Babu holds a Master’s degree in Arts and is an Associate member of the Insurance Institute of India. He has over 40 years of experience in various sectors including more than 33 years of experience in the insurance sector. Mr. Babu is a former Director and General Manager of The New India Assurance Company Limited. Mr. Babu was the CEO of New India Assurance Japan Operations. Mr. Babu has held Directorships in The New India Assurance Company Limited and ITUS Insurance Brokers Private Limited.



MS. KASIVAJJULA RAMADEVI,
Independent Director (DIN: 07327977) 64 years

Ms. Ramadevi holds a Master’s degree in Commerce from the University of Madras. She has over 40 years of experience in various sectors including more than 36 years of experience in the insurance sector. Ms. Ramadevi was in various positions in United India Insurance Company Limited before joining The Oriental Insurance Company Limited as Deputy General Manager. Ms. Ramadevi is a former Chief Financial Officer and retired as General Manager of The Oriental Insurance Company Limited.



MR. SRIDHARAN RANGARAJAN,

Non-Executive Director (DIN: 01814413) 55 years

Mr. Sridharan Rangarajan is a member of the Institute of Chartered Accountants of India and a graduate member of the Institute of Cost Accountants of India. He holds a Bachelor's degree in Commerce from the Madurai University and is a certified Six Sigma 'Green Belt', trained 'Process Champion' and 'Black Belt'. He served as the Chief Financial Officer of the Murugappa Group and has over 30 years of experience in finance, manufacturing, service & distribution, banking and contracting industries. He is on the Boards of various companies including Cholamandalam Financial Holdings Limited, Cholamandalam MS Risk Services Limited, Net Access India Limited, Parry Agro Industries Limited. He has rich cross-cultural work experience from having worked in Companies like ABB, IDBI, LG Electronics, Trane Inc. USA and Timken. He joined the Board of Chola MS in October 2018.



MR. AKIHIKO IKENO,

Additional Director (Non-Executive Director) (DIN: 09130647) 54 years

Mr. Akihiko Ikeno has a Bachelor of Business and Commerce from Keio University, Japan & Master of Business Administration (M.B.A) from Columbia Business School, USA. He has over 31 years of experience in the general insurance industry. He is currently the Executive Officer, Head of International Business Department in Mitsui Sumitomo Insurance Company Limited, Japan. He was previously the Management Board Member of MSIG Insurance Europe AG. Mr. Ikeno is a director on the Board of Cholamandalam MS Risk Services Limited. Mr. Ikeno joined the Board of Chola MS in April 2021.



MR. V SURYANARAYANAN,

Managing Director (DIN: 01416824) 54 years

Mr. V. Suryanarayanan is an Associate member of the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and the Insurance Institute of India. Besides, he is an alumnus of INSEAD having undergone the Advanced Management Program (AMP). He has over 33 years of experience and has been associated with the Murugappa Group since November 1996, with about 10 years in Cholamandalam Investment and Finance Company Ltd. in various leadership roles in Credit, Business Operations and was the head of Finance. In 2006, he joined the Company as the Chief Financial Officer and later took up other roles as Head of Claims, Head – Technical Functions besides leading several projects within the Company. He was elevated as President and Chief Operating Officer of the Company before his appointment as the Managing Director effective July 1, 2020. Mr. Suryanarayanan is a director on the Board of Cholamandalam MS Risk Services Limited.



MR. TAKASHI KISHI,

Wholetime Director (DIN: 08381603) 56 years

Mr. Takashi Kishi has a Bachelor of Arts in Business and Commerce from Keio University, Japan. Mr. Kishi has over 31 years of experience in the general insurance industry. Mr. Kishi has been working in Mitsui Marine & Fire Insurance Co. Ltd. since 1989. Before appointment as the Wholetime Director, he was Executive Vice president (J&K) of the Company from April 1, 2016. Mr. Kishi is a director on the Board of Cholamandalam MS Risk Services Limited and joined the Board of Chola MS in April 2019.

LEADERSHIP TEAM



V SURAYANARAYANAN
Managing Director



TAKASHI KISHI
Wholtime Director



S VENUGOPALAN
*Executive Vice President &
Chief Financial Officer*



SANJIV KUMAR MATHUR
*Executive Vice President and
SBU Head – Commercial & SME*



SURESH KRISHNAN
*Senior Vice President and
Chief Compliance Officer &
Company Secretary*



ANUBHAV RAJPUT
*Senior Vice President &
Head – IT, Digital and
Operations*



SAURAV SARKAR
*Senior Vice President &
SBU Head – Health*



BISWAJEET PADHI
*Senior Vice President &
SBU Head – Motor*



CHITRA K
*Senior Vice President &
Head – Digital, Branding &
Corporate Communications*



ABHIRANJAN GUPTA
*Senior Vice President &
Chief Investment Officer*



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



SHAILEN MERCHANT
*Vice President & Head –
Human Resources*



KRISHNAN P
*Senior Associate Vice
President & Head –
Renewals, Cross sell & Upsell*



ASHWANI KUMAR ARORA
*Senior Associate Vice
President - Actuary and
Appointed Actuary*



CHANDAR RAMAMURTHY
*Associate Vice President &
Head – Reinsurance*



BHASKAR K U
*Associate Vice President &
SBU Head – Govt.,
Rural & Misc. LOB*



NO. OF POLICIES
(RS IN LAKHS)
63

BRANCHES
141



NO. OF NETWORK
GARAGES
11180



DID YOU KNOW?

HERE ARE SOME OF OUR ACHIEVEMENTS
FROM THE PAST YEAR.

NO. OF
NETWORK HOSPITALS
9504



NO. OF PARTNERS
37000



NO. OF
HAPPY CUSTOMERS
(RS IN LAKHS)
165



FINANCIAL HIGHLIGHTS

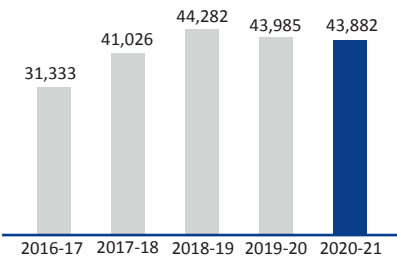
₹ million

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Gross Written Premium - Direct	13,465	16,209	18,551	18,904	24,520	31,333	41,026	44,282	43,985	43,882
Net Earned Premium	8,691	11,674	14,314	14,821	16,908	22,481	28,238	30,499	34,370	32,024
PBT	155	890	1,015	2,007	2,131	2,971	3,466	2,506	2,546	3,748
PAT	191	602	701	1,371	1,479	2,081	2,426	1,789	1,494	2,817
Net worth	3,257	4,359	5,824	7,190	8,529	10,751	12,961	14,534	15,741	18,846
Fixed Assets (net)	359	496	577	617	615	691	703	687	724	727
Investment Portfolio	12,573	17,242	23,282	31,646	38,607	48,919	63,626	75,961	90,785	1,10,605
Earnings Per Share (₹)	0.69	2.08	2.37	4.59	4.95	6.97	8.12	5.99	5.00	9.43
Book Value Per Share (₹)	11.48	14.93	19.49	24.06	28.54	35.98	43.38	48.64	53.64	63.07

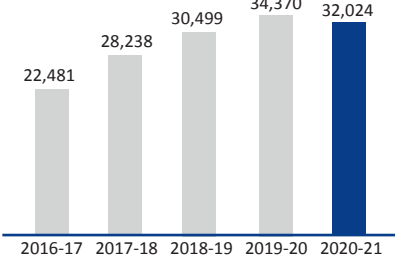
PBT - Profit before tax
PAT - Profit after tax

KEY FINANCIAL INDICATORS

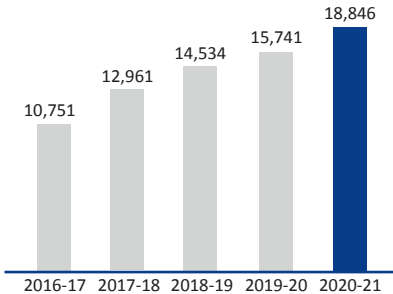
GROSS WRITTEN PREMIUM - DIRECT
(₹ million)



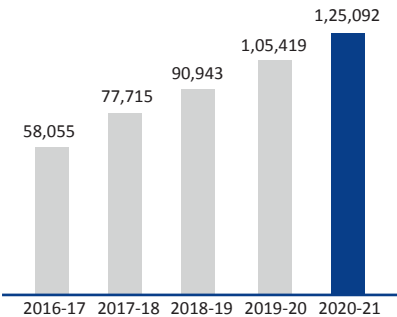
NET EARNED PREMIUM
[Including IMTPIP (Indian Motor Third Party Insurance)] - (₹ million)



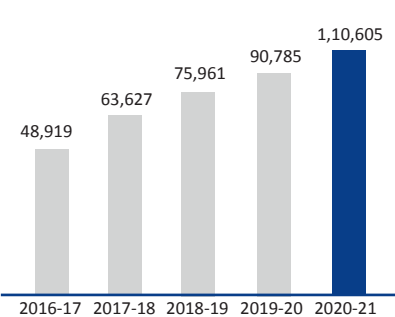
NET WORTH
(₹ million)



TOTAL ASSETS
(₹ million)



INVESTMENT PORTFOLIO
(₹ million)



CORPORATE SOCIAL RESPONSIBILITY

1.



2.



3.



5.



4.



6.

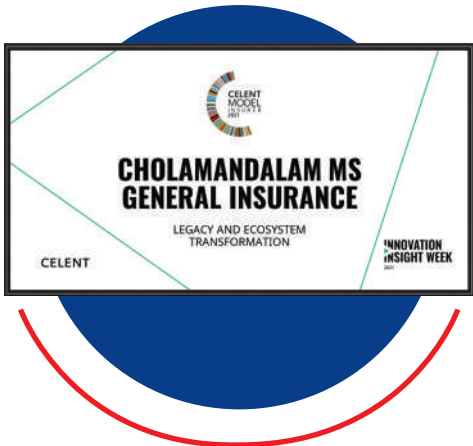


1 & 2 Distribution of grocery kits to families from poor economic background who were affected during the beginning of COVID-19 pandemic in Chennai, Tamil Nadu.

3 & 4 Creation of Road Safety Awareness at Regional Transport Office - Thiruvanniyur, Chennai using a seat belt convincer to provide real time experience of collision to the participants in order to make them realize the importance of wearing seatbelt in four wheelers.

5 & 6 Distribution of dry ration kits to 751 migrant workers impacted by COVID-19 pandemic in Chennai - 323 workers were from other districts within Tamil Nadu, who temporarily sheltered on road sides, construction sites and under bridges in Vyasarpadi / Kodungaiyur areas in Chennai, and 428 workers were from other states of India who were sheltered in the government camp in M.K.B Nagar, Vyasarpadi, Chennai.

AWARDS RECEIVED DURING THE FINANCIAL YEAR



CELENT MODEL INSURER OF THE YEAR 2021



BEST INSURANCE COMPANY (BANCASSURANCE)



TAMIL NADU BEST EMPLOYER BRAND AWARD



THE ECONOMIC TIMES BEST BRANDS 2020

CORPORATE INFORMATION

BOARD OF DIRECTORS

M M Murugappan	Chairman
Margam Rama Prasad	Director
K L R Babu	Director
K Ramadevi	Director
Sridharan Rangarajan	Director
Akihiko Ikeno	Director (with effect from April 27, 2021)
V Suryanarayanan	Managing Director
Takashi Kishi	Wholetime Director

COMPANY SECRETARY

Suresh Krishnan	Company Secretary & Chief Compliance Officer
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TOP MANAGEMENT TEAM

V Suryanarayanan	Managing Director
Takashi Kishi	Wholetime Director
S Venugopalan	Chief Financial Officer
Sanjiv Kumar Mathur	SBU Head – Commercial & SME
Suresh Krishnan	Company Secretary & Chief Compliance Officer
Anubhav Rajput	Head – IT, Digital & Operations
Saurav Sarkar	SBU Head – Health
Biswajeet Padhi	SBU Head – Motor
K Chitra	SBU Head – Digital, Branding & Corporate Communications
Abhiranjan Gupta	Chief Investment Officer (with effect from May 1, 2021)
S K Rangaswamy	Chief Risk Officer & Head – Internal Audit
Shailen Merchant	Head – Human Resources
P Krishnan	Head – Renewals, Cross sell & Upsell
Ashwani Kumar Arora	Appointed Actuary
Chandar Ramamurthy	Head – Reinsurance
K U Bhaskar	SBU Head – Govt., Rural & Misc. LOB

REGISTERED OFFICE

CIN: U66030TN2001PLC047977

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

AUDITORS

M/s. Sharp & Tannan, Chartered Accountants
Parsn Manere, 'A' Wing, 602, Anna Salai,
Chennai - 600 006
M/s. R.G.N Price & Co., Chartered Accountants
Simpsons Buildings, No. 861, Anna Salai,
Chennai - 600 002

REGISTRAR AND SHARE TRANSFER AGENTS (RTA)

KFin Technologies Private Limited

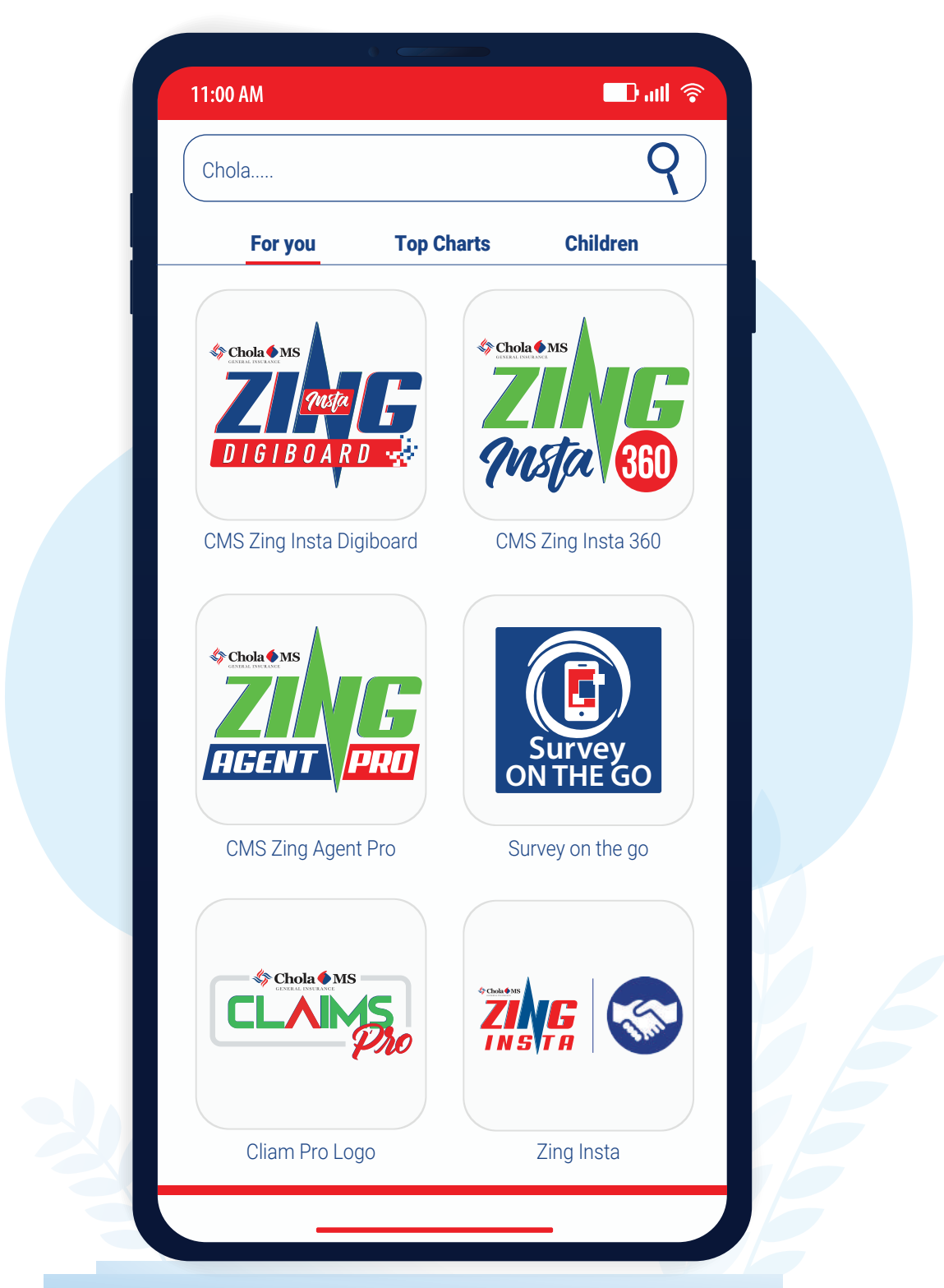
Selenium Tower B, Plot No 31 & 32
Financial District, Nanakramguda,
Serilingampally Mandal, Hyderabad - 500 032, Telangana
Toll free number: 1-800-309-4001

DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited

17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001
Tel. No: 022 - 40807000, Fax: 022 - 66311776

APP INTEGRATIONS TO MAKE YOUR LIFE SIMPLER.



DIRECTORS' REPORT TO MEMBERS

Your directors take the pleasure in presenting the Twentieth Annual Report together with the audited financial statements of the Company for the year ended March 31, 2021.

Financial Highlights

(₹ million)

Particulars	2020-21	2019-20
Gross Written Premium (GWP)		
a) Direct	43,882	43,985
b) Reinsurance Acceptance	121	115
Total GWP	44,003	44,100
Net Earned Premium	32,024	34,370
Net Claims Incurred	23,198	25,773
Net Commission and expense of management	11,697	11,072
Investment Income (Policyholders' funds)	7,210	6,989
Contribution from Shareholders' Fund - Excess of Exp of Mgmt	1,465	877
Operating Profit	5,804	5,391
Investment Income (Shareholders' funds)	834	606
Impairment Provision & Write off - Stressed Investment Assets	1,045	2,351
Contribution to Policyholders' Fund - Excess of EoM	1,465	877
Other Expenses	380	223
Profit before tax	3,748	2,546

INDUSTRY SCENARIO

The impact of COVID-19 on the industry was felt heavily in the first half of the year. With improving automobile sales (primarily non-commercial vehicles), the industry commenced recording growth in the second half of the year.

In this context, the Gross Direct Premium of non-life insurers (excluding Standalone Health & Specialized insurers), was reported at around ₹1,698 billion and registered a growth of around 2% over the previous year. The market share of public sector companies was 42.3% with the private sector companies growing their share to 57.7%.

Amongst the various lines of businesses, the property line registered a growth of 28.1% while the motor line of business registered a degrowth of 1.7%. The health line of business grew for the industry.

SUMMARY OF COMPANY PERFORMANCE

The Company achieved a direct premium of ₹43,882 million with a market share of around 2.6% (among GI players).

The Company's GWP growth was driven by acquiring new bancassurance tie-ups in state-owned banks, entry into large motor OEM programs, growth in proprietary channels in Tier II, III and IV towns and in commercial lines. The steep drop in commercial vehicles premia - both new vehicles sales and renewal premia rendered the GWP flat even though growth was attained in other lines and categories.

The Company's claims ratio was rendered higher as a result of a charge of over ₹1,300 million of COVID-19 related health claims (about 4.4% of overall claims ratio of the company).

On the investments front, the Company stepped up the provisioning / write off to reduce the net exposure on such assets to about ₹714 million (previous year: ₹1,740 million).

The Company attained a profit before tax of ₹3,748 million for the FY ended March 31, 2021 (₹2,546 million in previous year).

DIVIDEND

With a view to conserve the resources and augment solvency ratio, your directors do not recommend any dividend for FY 2020-21.

TRANSFER TO RESERVES

An amount of ₹1,500 million is proposed to be transferred to General Reserve for the FY 2020-21.

BUSINESS OPERATIONS

The Company's customer base grew strongly to over 16.5 million during the year constituting a growth of more than 17% over the previous year.

In Motor, the Company stepped up its market presence in the two-wheeler segment to attain a market share of over 9% in new vehicles sales besides expanding its participation in the OEM programs of cars.

The Company secured renewals of its key bancassurance arrangements with state owned banks.

The Company has expanded its agency base and stepped up the number of branches to 141.

The Company continued to make an underwriting surplus in most lines of business except Motor Third Party. The COVID-19 related health claims dented the underwriting results in the health line of business. The Company, with its thrust on retail risks, continues to adopt prudent underwriting strategies and processes.

(A) Motor Line Of Business

Motor Line of Business registered a premium of ₹31,249 million in FY 2020-21 (a degrowth of 3.7%). The composition of the motor portfolio comprise of Two wheelers-16%, Motor Cars-25%, Commercial Vehicles - 50% and tractors & others comprising - 9%.

The Company stepped up the renewal ratio in the cars portfolio even as the pandemic impacted the renewal ratio in commercial vehicles.

The premium pricing in motor own-damage witnessed severe pressure with discounts across vehicle categories rising to new highs. This has caused an adverse change in the motor OD claims ratios of all players in the industry.

In motor third party, due to deferral of increase in premium for the financial year ending March 2021, the premium insufficiency continued in several sub-segments. This was further accentuated with the increase in minimum wage levels and inflation in medical care costs. The cumulative effect of the above issues resulted in adverse combined ratio in the Motor Line of Business.

The Company continues to exercise utmost care in its choice of sub-segments, geographies. The Company continues to be rated high by its channel partners and customers for its claims servicing processes.

(B) Property and Casualty Lines of Business

The premium from Commercial lines of business grew to ₹5,705 million, mainly driven by the 30% growth in the Fire line of business.

The marine and engineering lines of businesses were impacted by lower levels of economic activity. The Misc lines grew well during the year. The Company registered growth across its verticals of Indian commercial, SME and bancassurance.

The Company continues to follow disciplined underwriting and prudent risk selection in the highly demanding environment. Higher proportion of business from 'Preferred' category risks, geographical spread of risks, line size management have all ensured improvement in the claim ratios of these lines.

(C) Health, Accident and Travel Lines of Business

During the year, the Health, Accident and Travel Lines of Business grew by 8.4%. Muted disbursements from financier channels rendered the degrowth in attachment product sales of personal accident and health covers.

The Company stepped up on the addition of dedicated health agents (including Point of Sales Person (POSP)) and expanded the reach of Bancassurance to more distribution points to ensure that retail indemnity business from agency and banca distribution grew strongly.

The Company also distributed COVID-19 linked health products and the standard Arogya Sanjeevani products.

With a view to align with evolving consumer needs, a revamp of the existing product portfolio was done and 14 new products were filed with the regulator. A host of new product offerings, both indemnity and benefit are on the anvil to be launched. The Company continues to adopt a prudent approach to corporate employer-employee group health segment.

Extensive work in digitising all customer journeys through frictionless on-boarding, agent engagement, claims servicing, provider network portals were implemented. The focus areas in the next financial year would be towards leveraging technology to build an overall health ecosystem for all our customers.

Overall loss ratios in Health Line of Business were adverse due to the spread of COVID-19 virus which affected the underwriting results of the line. The Company continues to adopt prudent underwriting practices while focusing on new segments of growth in a market which is evolving at a much faster pace compared to previous years.

(D) Crop Insurance

The Company has not underwritten any new Crop Insurance business during the year. The activities in this line were confined to claims management of the longer season crops underwritten in 2018-19. The Company's approach to claims management and settlement was appreciated by the Tamil Nadu State Government.

The Company will continue to monitor the market trends in this line of business to assess the opportune time for re-entry into the portfolio.

CLAIMS

The year under review witnessed the claims management function stepping up speed of disposal while handling larger volumes with efficiency & productivity.

The Company continues its journey in digitisation of its claims processes which includes the introduction of Robotic Process Automation (RPA) during the year.

The other highlights include:

- (a) Even during the pandemic period, servicing more than 3.75 Lakh claims across various LOBs, which is 8% more than last FY.
- (b) Continuing the leadership in securing higher levels of compromise settlements in motor third party.
- (c) Strengthening of the investigation framework for motor OD, motor TP and health claims.
- (d) Adding to the network of hospitals and garages to expanding the service network for the policyholders with over 9,500 hospitals and 11,100 garages
- (e) Ensuring timely resolution of customer complaints on claims servicing
- (f) Enhancing employee productivity

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

REINSURANCE

During the year, the extended monsoon together with the multiple cyclones that visited the East and West coasts caused inundation related losses. These losses largely impacted the retained risk of the company. The impact on non-proportional and proportional treaties from these natural calamities was marginal. Both the proportional and non-proportional treaties generated surplus for the reinsurers for the year.

During the year, the Company put in place new reinsurance arrangements with respect to its product offerings.

The Company successfully negotiated and completed the RI placements for FY 2021-22, diversifying the panel with the addition of new reinsurers. The Treaties were placed in the market at improved and competitive terms and with well rated reinsurers.

INVESTMENTS

The Company's investment portfolio grew to ₹ 110,605 million as at March 31, 2021 (previous year: ₹ 90,785 million).

In the context of the COVID-19 environment and with interest rates rendered higher in first few months of the year, the Company allocated a larger proportion to risk free assets like Central and State Government Securities. The exposure to Central and State Government securities stood at 69.28% of the investment assets (previous year 69.56%). The Company stepped up its investment in fixed deposits in state owned banks to 7.75% of portfolio as of March 31, 2021.

The Company had classified as non-performing assets an amount of ₹ 4,475 million (gross value) representing investments in corporate debt securities. The Company stepped up its provisioning / write off on these instruments rendering the net carrying value of the non-performing investments at ₹ 714 million as at March 31, 2021.

The Company continued to emphasise on the safety and liquidity of investments and together with monetised gains, grew the investment income to ₹ 8,039 million with a gross yield of 7.92% (previous year: 9.05%). The average investment portfolio duration was at 3.78 years.

HUMAN RESOURCES

The Company, during the year, focused on enhancing and leveraging technology for all HR operational purposes, ensuring seamless HR operations despite the pandemic situation.

The Company has persistently evolved effective ways of engaging the employees in a healthier way through blended mode of learning and virtual engagement initiatives for all its staff to stay connected to the organisation.

INFORMATION TECHNOLOGY & DIGITAL INITIATIVES

Tech Enablers for Sales, Channels and Partners

- During the year, several new tech platforms and digital

initiatives were implemented for seamless issuance of policies through integration with various channel partners such as OEMs, bancassurance partners, digital partners etc. to attain an overall integrated policy issuance level of 93%.

- Chola MS introduced new platforms that empower superior customer journeys for various products across Motor, Health, Commercial, Digital and Government lines of business. The new set of journeys typically take under 2 minutes to complete the processing and issuance of policy.
- To support the distribution build, a fully digitised platform for onboarding of POSP agents right from prospect identification to conducting career opportunity presentation to application filing, KYC verifications and training was launched.
- Chola MS has developed robust APIs for sourcing business through direct integration, with platforms of various digitally enabled intermediaries.
- Apart from the above, ramp up in the areas of improving underwriting decision making using parameterized rules and machine learning capabilities was done.

Tech Enablers for Claims, Renewals, Servicing and Operations

- In Health Claims, a new Provider Portal for use by hospitals and an AI based OCR solution has been implemented. Besides, ClaimsPro - a simplified claims workflow platform has been introduced for customers of health insurance to transact with us.
- Launch of an automated voice enabled bot to enable customers to process renewal of their motor policies.
- Introduction of Robotics Process Automation in several processes of claims and finance for speed, accuracy and round the clock operations.
- A new parameterized model for renewal lead propensity was also enabled for renewal agents to be able to focus on high priority leads and thereby improving renewal conversion potential.
- Joshu (AI powered chatbot) enabled on corporate website for customer self-service in various areas and continuously upgraded based on emerging queries.

NET WORTH AND SOLVENCY

The paid-up capital as at March 31, 2021 was at ₹ 2,988 million and the net-worth as at that date was ₹ 18,845 million. During the year, the Company has not issued any equity shares. The Company's solvency ratio as at March 31, 2021 was 2.078 times as against the mandated threshold of 1.50 times.

PEER REVIEW OF ACTUARIAL VALUATION

The Company engaged the services of Mr. R Arunachalam, a qualified consulting actuary, for conducting the peer review of

Actuarial Statutory Valuation as at March 31, 2021, which was carried out by the Appointed Actuary of the Company. The scope included check on data credibility, review of methodology and assumptions and reasonableness of the results. The peer reviewer has confirmed the sufficiency and adequacy of the IBNR/IBNER held by the Company as per the certification of the Appointed Actuary of the Company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year, the Company received one penalty order from IRDAI amounting to ₹10 million for non-compliance of Guidelines on Motor Insurance Service Providers. The Company has put in place corrective measures on the said gaps.

RISK MANAGEMENT

Managing risks is an integral part of the insurance business. The Company manages and takes risks in an informed and disciplined manner and within a pre-determined risk appetite and tolerance. The risk management and internal control systems are designed to ensure that these risks are managed effectively and efficiently. All our risk management activities are aligned to corporate aims, objectives, organizational priorities and are designed to protect and enhance the reputation and standing of Chola MS.

Risk management policy is the Company's main risk governance document. It sets standards for effective risk management throughout the organisation. The policy describes the Company's risk management framework, provides a standardized set of risk types, and defines the Company's appetite for risks.

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

During the year under review, the risk management committee of the Board reviewed:

- (a) The asset liability management
- (b) The risk management initiatives undertaken
- (c) The effectiveness of the risk management processes
- (d) Emerging risks and changes in risk categories with specific emphasis on the residual risk

An updated Business Continuity Plan to enhance level of preparedness to manage various types of business disruptions, has been considered and approved by the Board.

The Company has successfully renewed its ISO 31000:2018 certification in Risk Management during the year. The Company has always kept a strong focus on embedding risk management in its strategy and operations.

Risk Management for COVID-19

The broad measures undertaken by the Company to handle the crisis arising due to spread of COVID-19, covered the critical areas of employee safety, employee engagement and welfare and

business continuity management.

The Company also undertook a thorough risk assessment and evaluation with respect to the impact of the pandemic outbreak on various areas of enterprise risk such as Financial risk, Credit risk, Market risk, Operational risk and Compliance risk.

The Company complied with all the IRDAI directives in relation to Risk Management to Insurance Companies during the pandemic period.

NON-CONVERTIBLE DEBENTURES

The Company had, in FY 2017-18, issued and allotted 1000 unsecured, subordinated, fully paid-up, listed, redeemable, non-convertible debentures of face value of ₹10,00,000 (Rupees Ten Lakh Only) each at par, aggregating ₹1,000 million on private placement basis. The debentures have a tenure of 10 years and mature on May 25, 2027 (with a call option in May 2022). The debentures are listed on the Debt Market Segment of National Stock Exchange of India.

CRISIL has reaffirmed its credit rating of AA with stable outlook. ICRA, on September 11, 2020, had reaffirmed its credit rating of AA and the outlook on the long-term rating was revised from "Negative" to "Stable".

The Company continues to service its interest obligations on due dates to its debenture holders.

ADOPTION OF INDIAN ACCOUNTING STANDARDS

IRDAI, vide its circular dated January 21, 2020, has decided to defer the implementation of Indian Accounting Standards (Ind AS) for insurance companies. The effective date for adoption of Ind AS is yet to be announced.

MAINTENANCE OF COST RECORDS

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

CORPORATE GOVERNANCE

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

HOLDING COMPANY

Cholamandalam Financial Holdings Limited continues to be our Holding Company, holding around 59.99% of the share capital. There are no changes in the nature and extent of shareholding of the Holding Company in the Company during the year.

SUPPORT FROM MSI

Mitsui Sumitomo Insurance Company Limited (MSI) Japan, the joint venture partner, continues to provide support in areas of

overall business improvement measures, reinsurance, 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 expects growth of business from these clients.

BOARD MEETINGS

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

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

During the year, five board meetings were convened and held, the details of which are given in the Corporate Governance report.

DIRECTORS

The following appointments / reappointments were approved by the shareholders at the Nineteenth Annual General Meeting of the Company held on July 28, 2020:

- a) Mr. Sridharan Rangarajan who was liable to retire by rotation was reappointed as Director
- b) Mr. K L R Babu was appointed as an Independent Director (not liable to retire by rotation)
- c) Ms. K Ramadevi was appointed as an Independent Director (not liable to retire by rotation)
- d) Mr. V Suryanarayanan was appointed as a Director not liable to retire by rotation and as the Managing Director for a period of five years with effect from July 1, 2020.

The office of Mr. S S Gopalarathnam as the Managing Director came to an end on the closing hours of June 30, 2020.

Mr. Hideo Yoshida resigned from his office of Director (Non-Executive) with effect from March 31, 2021. Mr. Akihiko Ikeno was appointed as the Additional Director (Non-Executive) by the Board with effect from April 27, 2021.

The Board places on record its deep appreciation and gratitude to Mr. S S Gopalarathnam and Mr. Hideo Yoshida for their guidance

and valuable contribution to the Company during their tenure.

Mr. Takashi Kishi was reappointed as the Wholetime Director by the Board at its meeting held on January 28, 2021, for a further period of two years from April 1, 2021.

Mr. M M Murugappan retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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

KEY MANAGERIAL PERSONNEL

The Board, at its meeting held on May 19, 2020, approved the appointment of Mr. V Suryanarayanan as the Managing Director with effect from July 1, 2020, in place of Mr. S S Gopalarathnam who retired with effect from June 30, 2020.

There are no other changes in the Key Managerial Personnel during the year.

As on March 31, 2021, the Key Managerial Personnel of the Company, in terms of the provisions of section 203 of the Companies Act, 2013, are as follows:

- Mr. V Suryanarayanan, Managing Director
- Mr. Takashi Kishi, Wholetime Director
- Mr. S Venugopalan, Chief Financial Officer
- Mr. Suresh Krishnan, Company Secretary

AUDIT COMMITTEE

The Audit Committee, as on March 31, 2021, comprised of three independent directors viz., Mr. Margam Rama Prasad, Mr. K L R Babu and Ms. K Ramadevi and two non-executive directors viz., Mr. Sridharan Rangarajan and Mr. Hideo Yoshida.

Mr. Akihiko Ikeno was inducted as a member of the Committee with effect from April 27, 2021 in place of Mr. Hideo Yoshida.

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

RELATED PARTY TRANSACTIONS

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

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, Policyholders' Protection Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee. A structured questionnaire covering various aspects of Board's functioning such as Board's structure, governance, dynamics & functioning and financial reporting process, Internal Control and Risk Management was used for this purpose and the briefing to all members of the Board on the evaluation was completed.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

- Policy for Board nominations, including the criteria for determining qualifications, positive attributes, independence of a Director. The policy is available on the website of the Company at <https://www.cholainsurance.com/CholaWebapi/UploadedFiles/PolicyforBoardnominations.pdf>

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

- Criteria for induction of a person in the senior management positions of the Company. The policy is available on the website of the Company at <https://www.cholainsurance.com/CholaWebapi/UploadedFiles/CriteriaforAppointmentofSeniorManagement.pdf>

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

- Remuneration policy for Directors, Key Managerial Personnel and other employees of the Company. The policy is available on the website of the Company at <https://www.cholainsurance.com/CholaWebapi/UploadedFiles/RemunerationPolicy.pdf>

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

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

DISCLOSURES UNDER IRDAI GUIDELINES DATED AUGUST 5, 2016

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

(I) Qualitative Disclosures

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

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

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

- (b) Description of the ways in which current and future risks are considered and factored in the remuneration processes:

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

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

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

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

(II) Quantitative Disclosures

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

Particulars	March 31, 2021
Number of MD/ CEO / WTDs having received a variable remuneration award during the financial year	1
Number and total amount of sign-on awards made during the financial year	Nil
details of guaranteed bonus, if any, paid as joining / sign-on bonus	Nil
Breakdown of amount of remuneration awards for the financial year (Rs. in lakh)	
Fixed *	226.13
Variable	316.07
Deferred	Nil
Non-deferred	Nil
Total amount of outstanding deferred remuneration	
Cash (Rs. in lakh)	Nil
Shares (nos.)	Nil
Shares-linked instruments	Nil
Other forms	Nil

* Remuneration includes leave encashment, gratuity and others arising out of superannuation of Mr. S S Gopalarathnam as Managing Director during the financial year.

STATUTORY AUDITORS

M/s. Sharp and Tannan, Chartered Accountants, and M/s. R.G.N Price & Co., Chartered Accountants, are the Joint statutory auditors of the Company. The Report given by the Auditors' on the financial statements of the Company is provided in the Annual Report.

M/s Sharp and Tannan, Chartered Accountants, were reappointed as the joint statutory auditors of the Company for a period of five years from the conclusion of the Nineteenth Annual General Meeting (AGM) till the conclusion of Twenty Fourth AGM.

The tenure of M/s. R.G.N Price & Co., Chartered Accountants, expires at the conclusion of the ensuing AGM. The Board proposes to reappoint them for another tenure of five years commencing from the conclusion of Twentieth AGM till the conclusion of Twenty Fifth AGM.

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

The Board recommends the appointment of M/s. R.G.N Price & Co., as the joint statutory auditors of the Company.

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 2020-21. The secretarial audit report is appended to this report as **Annexure E**. The secretarial audit report does not contain any qualification or adverse remark.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Corporate Social Responsibility (CSR) Committee comprises of Mr. M M Murugappan (Chairman), Mr. Margam Rama Prasad, Mr. V Suryanarayanan and Mr. Takashi Kishi as its members.

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

- Empowerment of the disadvantaged sections of the society through education, access to and awareness about financial services and the like;
- Provision of access to basic necessities like healthcare, drinking water & sanitation and the like to underprivileged;
- Work towards eradicating hunger and poverty, through livelihood generation and skill development;
- Supporting environmental and ecological balance through afforestation, soil conservation, rain water harvesting, conservation of flora & fauna, and similar programmes;
- Promotion of sports through training of sportspersons;
- Promotion of arts and culture;
- Undertaking of rural development projects;
- Providing support to institutions involved in welfare of senior citizens;
- Providing support for initiatives aimed at improving road safety;
- Disaster relief and management; and
- Women empowerment.

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 ₹58.4 million towards CSR spend, and ₹40.1 million was spent towards CSR activities as approved by the Committee.

The balance amount of ₹18.3 million was contributed by the Company to certain implementing agencies during the year which have not been fully utilised by the implementing agencies.

Pursuant to the provisions of Section 135 of the Companies Act, the unutilised part of the contribution has been transferred back to the Company and the sums were deposited in the Unspent CSR Account (opened for this purpose for utilisation for completion of the identified activities in the financial year 2021-22).

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

PUBLIC DEPOSITS

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

LOANS, GUARANTEES AND INVESTMENTS

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

OUTLOOK FOR 2021-22

The onset of the second wave of the COVID-19 pandemic resulting in rising infections across the country is likely to impact the economy and the growth of all industries.

The general insurance industry had rebounded well from the impact of the first wave by recording an 8.8% growth in January-March 2021 quarter. It is expected that a similar recovery and rebound would happen as the infection rate subsides and vaccination levels enhances.

The anticipated increase in interest rates in the economy will have a positive impact on the investment income for all players in the industry.

The Company which derives a good portion of its GWP from Motor dealerships / Financier partners in the motor space, recognises the possible impact and has drawn specific, actionable counter measures to reduce the impact. The counter measures include enhanced focus on renewals, higher volumes in Health Line of Business, harnessing the state-owned banks bancassurance relationships deeper and working closely with all its channel partners.

The Company will tighten its expenses management related processes by its thrust on productivity and efficiency improvements.

The Company will continue to operate as a prudent insurer in its choice of product portfolio and segments and will fully live up to its image of a trustworthy insurer in its claim management processes.

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 ₹742.30 million and ₹1,310.01 million respectively.

DIRECTORS' RESPONSIBILITY STATEMENT

As per Section 134(5) of the Companies Act, 2013, the directors accept the responsibility for the integrity and objectivity of the Statement of Profit & Loss for the year ended March 31, 2021, and the Balance Sheet as at that date ("financial statements") and confirm that:

- In the preparation of the annual accounts for the financial year ended March 31, 2021, ("financial statements"), the applicable accounting standards read together with IRDAI Orders / Regulations mandating financial statements related prescriptions have been followed;
- Appropriate accounting policies have been selected and applied consistently and such judgements and estimates that are reasonable and prudent have been made (including those with respect to the contingent liabilities more specifically dealt with in Note 7 of Schedule 16 to the financial statements) so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profits of the Company for that period;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with the size and nature of operations, subject to the inherent limitations that should be recognized in weighing the assurance provided by any such system of internal controls. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The audit committee meets at regular intervals;
- They have laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and were operating effectively;
- The annual accounts have been prepared on a going concern basis;
- Systems are in place to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

ANNUAL RETURN

The annual return of the Company for the financial year ended March 31, 2020, in form MGT 7 is available on the website at <https://www.cholainsurance.com/CholaWebapi/UploadedFiles/AnnualReturn-FY2019-20.pdf>

The draft annual return of the Company for the financial year ended March 31, 2021, in form MGT 7 is available on the website at <https://www.cholainsurance.com/CholaWebapi/UploadedFiles/DraftAnnualReturn-FY2020-21.pdf>

PARTICULARS OF EMPLOYEES

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

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

The details of remuneration paid to the Key Management Persons as defined under Corporate Governance Guidelines of IRDAI forms part of draft Annual return in MGT 7, which is available on the website at the link provided above.

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.

COMPLIANCE WITH SECRETARIAL STANDARDS

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

APPLICATION / PROCEEDING PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016

During the year under preview, there was no application/proceeding initiated or pending against the Company under Insolvency and Bankruptcy code, 2016.

VALUATION FOR SETTLEMENT OR LOAN TAKEN FROM BANKS OR FINANCIAL INSTITUTIONS

During the year under preview, there were no loans taken by the Company from any bank or financial institution and there was no valuation done for any settlement.

AWARDS AND ACCOLADES

The Company was recipient of the following awards / accolades:

1. Recognition as Best Brand by Economic Times
2. Celent Model Insurer of the Year 2021 award for legacy technology transformation initiatives
3. Best Insurance Company (Bancassurance) - General by Insurance Alertss
4. Best Employer Brand Award at Tamil Nadu - Best Employer Brand Awards hosted by World HRD Congress

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

April 27, 2021
Chennai

M M Murugappan
Chairman

MAKE LIFE SIMPLE, DIGITALLY.

Chatbot assistance now at your fingertips!



REPORT ON CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

The Company firmly believes in and follows the Arthashastra quote,

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

The Corporate Governance philosophy of the Company is driven by the following fundamental principles:

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

With customer centricity being the focus area of the Company

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

BOARD OF DIRECTORS

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

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

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

BOARD COMPOSITION

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

The Board of Directors of the Company, being a joint venture between the MG represented by Cholamandalam Financial Holdings Limited and MSI, Japan, comprises of representatives of MG and MSI in addition to Independent Directors. The Board comprises of 8 directors viz 2 MG Non-Executive Directors, 1 MG Managing Director, 1 MSI Non-Executive Director, 1 MSI Wholtime Director and 3 Independent Directors. A brief profile of the directors is provided elsewhere in the annual report for the information of the shareholders.

During the year under review, Mr. Hideo Yoshida has resigned from the office of Director with effect from March 31, 2021. Mr. Akihiko Ikeno was appointed as the Additional Director (Non-Executive Director) by the Board with effect from April 27, 2021. Mr. K L R Babu and Ms. K Ramadevi were appointed as Independent Directors at the nineteenth Annual General Meeting held on July 28, 2020.

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

Number of directorships of Directors as at March 31, 2021 on other Boards are provided below:

Name of the Director	Category	Number of Directorships #
Mr. M M Murugappan	Non-Executive/ MG nominee	4
Mr. Margam Rama Prasad	Non-Executive/ Independent	-
Mr. K L R Babu	Non-Executive/ Independent	-
Ms. K Ramadevi	Non-Executive/ Independent	-
Mr. Sridharan Rangarajan	Non-Executive/ MG nominee	5
Mr. Hideo Yoshida	Non-Executive/ MSI nominee	1
Mr. V Suryanarayanan	Managing Director/ MG nominee	2
Mr. Takashi Kishi	Wholetime Director/ MSI nominee	1

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

BOARD MEETINGS

During the year ended March 31, 2021, 5 Board meetings were held on May 19, 2020, July 27, 2020, October 30, 2020, January 28, 2021, and March 19, 2021. Attendance of Directors at board meetings is given below:

Name of Director	May 19, 2020	July 27, 2020	October 30, 2020	January 28, 2021	March 19, 2021
Mr. M M Murugappan	✓	✓	✓	✓	✓
Mr. Margam Rama Prasad	✓	✓	✓	✓	✓
Mr. KLR Babu	✓	✓	✓	✓	✓
Ms. K Ramadevi	✓	✓	✓	✓	✓
Mr. Sridharan Rangarajan	✓	✓	✓	✓	✓
Mr. Hideo Yoshida	✓	✓	✓	✓	✓
Mr. S S Gopalarathnam (till June 30, 2020)	✓	-	-	-	-
Mr. V Surya-narayanan (from July 1, 2020)	-	✓	✓	✓	✓
Mr. Takashi Kishi	✓	✓	✓	✓	✓

BOARD TRAINING AND INDUCTION

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

COMMITTEES OF THE BOARD

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

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

The following are the eight Committees constituted by the Board:

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

AUDIT COMMITTEE

Terms of Reference

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

Internal Audit

- Review the scope of internal audit procedures;
- Ensure effectiveness of internal controls in critical areas of operations;

- Review and approve the audit plan, audit charter and resources budget;
- Ensure the Committee is adequately informed of the risks and implications of internal audit findings and recommendations;
- Approval of appointment, remuneration, performance evaluation, removal of the Chief Internal Auditor;
- Ensure that audit findings and recommendations are resolved effectively and in a timely manner.

External Audit

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

Other Functions

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

Composition & Meetings

The Committee comprises of five members as of March 31, 2021. Mr. Akihiko Ikeno was inducted as a member of the Committee in place of Mr. Hideo Yoshida with effect from April 27, 2021. During the year, other than the above, there were no changes in the constitution of the Committee.

During the year, the Committee met five times. The composition of the Committee and the attendance of each member at the Audit Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings held
Mr. Margam Rama Prasad - Chairman	Independent Director	5 (5)
Mr. KLR Babu	Independent Director	5 (5)
Ms. K Ramadevi	Independent Director	5 (5)
Mr. Sridharan Rangarajan	Non-Executive Director	5 (5)
Mr. Hideo Yoshida	Non-Executive Director	3 (5)

All members of the Committee have knowledge of financial management, audit, and accounts.

The statutory auditors and internal auditors are invited for the meetings of the Audit Committee. During the year, the Independent Directors in Audit Committee have held separate discussions with the statutory and internal auditors without the presence of the management team on May 19, 2020.

INVESTMENT COMMITTEE

Terms of Reference

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

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

Composition & Meetings

The Committee comprises of eight members including the Chief Financial Officer (CFO), Chief Investment Officer (CIO), Appointed Actuary and Chief Risk Officer (CRO).

During the year, Mr. V Suryanarayanan was inducted as a member of the Committee in place of Mr. S S Gopalarathnam with effect from July 1, 2020.

During the year ended March 31, 2021, the Committee met five times. The composition of the Committee and the attendance of the Committee members at the Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. M M Murugappan – Chairman	Non-Executive Director	5 (5)
Mr. Sridharan Rangarajan	Non-Executive Director	5 (5)
Mr. S S Gopalarathnam (till June 30, 2020)	Managing Director	1 (1)
Mr. V Suryanarayanan (from July 1, 2020)	Managing Director	4 (4)
Mr. Takashi Kishi	Wholetime Director	5 (5)
Mr. S Venugopalan	Chief Financial Officer	5 (5)
Mr. S K Rangaswamy	Chief Risk Officer	5 (5)
Mr. N V Murali	Chief Investment Officer	4 (5)
Mr. Ashwani Kumar Arora	Appointed Actuary	5 (5)

RISK MANAGEMENT COMMITTEE

Terms of Reference

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

The terms of reference of Risk Management Committee broadly include:

- Assist the Board in effective operation of the risk management system by reviewing the risks to which the Company is exposed to, and the risk mitigation measures undertaken by the Company;
- Review the framework for identification, measurement, monitoring and controlling of risks and recommending risk management decisions to the Board;
- Review risk exposures and actions taken to manage exposures;
- Review and monitor business continuity and solvency positions;
- Review the progress in enterprise risk management, risk appetite and tolerance limits, status of implementation of the Information Security and Policy procedures and asset liability management.

Composition & Meetings

The Committee comprises of five members. During the year, Mr. V Suryanarayanan was inducted as a member of the Committee effective July 1, 2020, in place of Mr. S S Gopalarathnam who ceased to be a Director from June 30, 2020. Mr. Akihiko Ikeno was inducted as a member of the Committee in place of Mr. Hideo Yoshida with effect from April 27, 2021. The Committee met five times during the year ended March 31, 2021. The composition of the Committee and the attendance of each member at the Risk Management Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. K L R Babu – Chairman	Independent Director	5 (5)
Mr. M M Murugappan	Non-Executive Director	5 (5)
Mr. Sridharan Rangarajan	Non-Executive Director	5 (5)
Mr. Hideo Yoshida	Non-Executive Director	3 (5)
Mr. S S Gopalarathnam (till June 30, 2020)	Managing Director	1 (1)
Mr. V Suryanarayanan (from July 1, 2020)	Managing Director	4 (4)

POLICYHOLDERS' PROTECTION COMMITTEE

Terms of Reference

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

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

Composition & Meetings

The Committee comprises of four members. During the year, Mr. V Suryanarayanan was inducted as a member of the Committee with effect from July 1, 2020, in place of Mr. S S Gopalarathnam, who ceased to be a director with effect from June 30, 2020. During the year ended March 31, 2021, the Committee met five times and the details of attendance of each member at the Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Ms. K Ramadevi – Chairperson	Independent Director	5 (5)
Mr. Sridharan Rangarajan	Non-Executive Director	5 (5)
Mr. S S Gopalarathnam (till June 30, 2020)	Managing Director	1 (1)
Mr. V Suryanarayanan (from July 1, 2020)	Managing Director	4 (4)
Mr. Takashi Kishi	Wholetime Director	5 (5)

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Terms of Reference

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

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

Composition & Meetings

The Committee comprises of four members. During the year, Mr. V Suryanarayanan was inducted as a member of the Committee with effect from July 1, 2020, in place of Mr. S S Gopalarathnam, who ceased to be a Director with effect from June 30, 2020. The Committee met twice during the year. The composition of the Committee and the attendance of each member at the Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. M M Murugappan – Chairman	Non-Executive Director	2 (2)
Mr. Margam Rama Prasad	Independent Director	2 (2)
Mr. S S Gopalarathnam (till June 30, 2020)	Managing Director	1 (1)
Mr. V Suryanarayanan (from July 1, 2020)	Managing Director	1 (1)
Mr. Takashi Kishi	Wholetime Director	2 (2)

NOMINATION AND REMUNERATION COMMITTEE

Terms of Reference

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

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

Composition & Meetings

The Committee comprises of four members. During the year there were no changes in the constitution of the Committee. Mr. Akihiko Ikeno was inducted as a member of the Committee in place of Mr. Hideo Yoshida with effect from April 27, 2021. The Committee met five times during the year.

The composition of the Committee and the attendance of each member at the Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. Margam Rama Prasad – Chairman	Independent Director	5 (5)
Ms. K Ramadevi	Independent Director	5 (5)
Mr. M M Murugappan	Non-Executive Director	5 (5)
Mr. Hideo Yoshida	Non-Executive Director	3 (5)

BUSINESS COMMITTEE

Terms of Reference

Business Committee is a non-mandatory committee. The Committee's role inter alia includes:

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

Composition & Meetings

The Committee comprises of five members. During the year, Mr. V Suryanarayanan was inducted as a member of the Committee with effect from July 1, 2020, in place of Mr. S S Gopalathnam, who ceased to be a director with effect from June 30, 2020.

The Committee met four times during the year ended March 31, 2021. The composition of the Committee and the attendance of each member at the Business Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. MM Murugappan - Chairman	Non-Executive Director	4 (4)
Mr. KLR Babu	Independent Director	4 (4)
Mr. Sridharan Rangarajan	Non-Executive Director	4 (4)
Mr. S S Gopalathnam (till June 30, 2020)	Managing Director	-
Mr. V Suryanarayanan (from July 1, 2020)	Managing Director	4 (4)
Mr. Takashi Kishi	Wholtime Director	4 (4)

MANAGEMENT COMMITTEE

Terms of Reference

Management Committee is a non-mandatory committee. The terms of reference of the Committee broadly include:

- To review the items on the board's agenda before every meeting of the Board;
- Implementation of the guidelines issued by the Board for Company's operations;
- To review the operations of the Company periodically.

Composition & Meetings

The Committee comprises of four members. During the year under review, Mr. V Suryanarayanan was inducted as a member of the Committee with effect from July 1, 2020, in place of Mr. S S Gopalathnam, who ceased to be a Director with effect from June 30, 2020. Mr. Akihiko Ikeno was inducted as a member of the Committee in place of Mr. Hideo Yoshida with effect from April 27, 2021. The Committee met five times during the year. The composition of the Committee and the attendance of each member at the Management Committee meetings held during the year are given below:

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. MM Murugappan - Chairman	Non-Executive Director	5 (5)
Mr. Sridharan Rangarajan	Non-Executive Director	5 (5)
Mr. Hideo Yoshida	Non-Executive Director	3 (5)
Mr. S S Gopalathnam (till June 30, 2020)	Managing Director	1 (1)
Mr. V Suryanarayanan (from July 1, 2020)	Managing Director	4 (4)

REMUNERATION OF DIRECTORS

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

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

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

Non-Executive Directors are compensated by way of commission on profits besides the sitting fees paid to them for attending the meetings of the Board / Committee in which they are members as permitted by the Government regulations. Commission paid to the Directors is 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 the director under general law and other relevant factors and is payable subject to sufficiency of profits.

The details of remuneration paid to the directors during the financial year ended March 31, 2021, are provided in the Annual Return, i.e., form MGT 7, the link of which is provided in the Director's Report.

The remuneration paid to the Executive Directors is in accordance with the terms of appointment approved by the Board of Directors, the shareholders, and IRDAI and is provided in note 22 of Schedule 16 to the financial statements.

ANTI FRAUD POLICY

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

CODE OF CONDUCT

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

The Company has also adopted the Code of Conduct in compliance with SEBI (Prohibition of Insider Trading) Regulations,

2015. As per the said regulations, designated persons are barred from trading in the securities of the Company and the equity shares of Cholamandalam Financial Holdings Limited (Holding Company) without the prior approval of the Compliance Officer and when the trading window is closed.

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

POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

During the calendar year ended December 31, 2020, the Company has not received any cases under the policy.

DISCLOSURE UNDER CORPORATE GOVERNANCE GUIDELINES OF IRDAI

Additional Work Entrusted To Statutory / Internal Auditors

In terms of Corporate Governance guidelines of IRDAI, additional work entrusted to statutory auditors / internal auditors of the Company or their associates is to be approved by the Board and disclosed. During the financial year ended March 31, 2021, the below assignments were entrusted to statutory auditors.

(Amount in ₹)

Particulars	Sharp & Tannan	RGN Pric & Co.
Limited Review		
- Management Reporting (3 Qtrs)	270,000	270,000
- SEBI Reporting (2 Half Yearly Rep)	60,000	60,000
- Schedule III FS (3 Qtrs)	90,000	90,000
Other Certifications	120,000	156,000
Holding Company Reporting	110,000	110,000
ICFR Certification	257,500	257,500
Tax Audit	-	360,000
Out of pocket expenses for Tax Audit	-	10,000
ETASS Certification for FY 18-19, 19-20 & 20-21	-	175,000
Co-insurer Certification for FY 19-20 & 20-21 others (on need basis)	-	60,000
Total	907,500	1,548,500

Claims Details

In terms of the disclosure requirements on unpaid claims prescribed in Corporate Governance guidelines of IRDAI, the details are furnished below for the financial year 2020-21:

Sl. No	Particulars	Number of claims
1	Claims pending at the beginning of the year	62,204
2	Claims intimated during the year	3,15,462
3	Claims disposed during the year	3,09,781
4	Claims pending at the end of the year	67,885

Ageing of pending claims	Number of claims
Less than 3 months	24,225
3 months to 6 months	4,731
6 months to 1 year	2,589
1 year and above	36,340

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, 2020, and September 30, 2020, in Business Standard and Makkal Kural within the mandated timeline. The published half-yearly financial statements included the information required pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in addition to the IRDAI requirements.

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

GENERAL BODY MEETINGS

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

AGM/EGM	Date of the meeting	Resolutions passed
19th AGM	July 28, 2020	<ul style="list-style-type: none"> - Adoption of audited accounts for FY 2019-20; - Re-appointment of Mr. Sridharan Rangarajan as Director; - Reappointment of M/s Sharp & Tannan as joint statutory auditors; - Appointment of Mr. K L R Babu as Independent Director; - Appointment of Ms. K Ramadevi as Independent Director; - Appointment of Mr. V Suryanarayanan as Director; - Appointment of Mr. V Suryanarayanan as Managing Director for a period of five years from July 1, 2020.
18th AGM	July 23, 2019	<ul style="list-style-type: none"> - Adoption of audited accounts for FY 2018-19; - Re-appointment of Mr. M M Murugappan as Director; - Ratification of appointment of joint statutory auditors; - Appointment of Mr. Sridharan Rangarajan as Non-Executive Director; - Appointment of Mr. Hideo Yoshida as Non-Executive Director; - Appointment of Mr. Takashi Kishi as Director; - Appointment of Mr. Takashi Kishi as Wholetime Director for a period of two years from April 1, 2019; - Reappointment of Mr. S S Gopalarathnam as Managing Director for a further period till June 30, 2020.
17th AGM	July 25, 2018	<ul style="list-style-type: none"> - Adoption of audited accounts for FY 2017-18; - Declaration of dividend at Rs.0.60/- per share; - Re-appointment of Mr. N Srinivasan as Director; - Ratification of appointment of joint statutory auditors and approval of remuneration; - Appointment of Mr. Margam Rama Prasad as Independent Director; - Appointment of Mr. M M Murugappan as Non-Executive Director; - Reappointment of Ms. Shubhalakshmi Panse as Independent Director.

COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES

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

For and on behalf of the Board of Directors

April 27, 2021
Chennai

M M Murugappan
Chairman

CERTIFICATION FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES FOR 2020-21

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

April 27, 2021
Chennai

Suresh Krishnan
Company Secretary

MOTOR INSURANCE IS NOW SIMPLE.



1

8500+ Cashless
Garages

2

Multiple
unique add-on
covers

3

Live Video
Streaming for
quick claim
settlement

4

Convenience
of online
purchase

POLICY FOR BOARD NOMINATIONS

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

QUALIFICATIONS

Personal Traits

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

Experience and Background

- Well accomplished in his / her respective field;
- Demonstrates 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, it must either be current or very fresh and recent, and incumbent Directors should continue to demonstrate a sophisticated understanding and current knowledge of complex business issues;
- A mastery of a broad knowledge area (e.g., engineering, finance, marketing, corporate affairs, technology, law, human resources management, executive leadership) that complements the skills of current Board members and proposed Board role;
- Absence of adverse events (e.g., bankruptcy affiliations, securities law sanctions, disqualifications under Companies Act 2013 or other applicable laws etc.) that either disqualify or require adverse disclosures.

Fit and Proper

- The intangibles of demeanour, attitude and interpersonal

skills that indicate the candidate will be an effective member of the Board of Directors' "team" in a major company setting;

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

Positive Attributes

The positive attributes for a director would encompass:

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

INDEPENDENCE STANDARDS

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

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

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

RETIREMENT

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

Annexure C

CRITERIA FOR APPOINTMENT OF SENIOR MANAGEMENT

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

- Possesses specialist knowledge and business acumen relative to the position for which he or she is being considered;
- Good leadership skills;
- Be innovative;
- Demonstrates intelligence, maturity and wisdom;
- Exercises 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;
- Possesses managerial abilities such as effective communication skills, action focus, people engagement, cultural sensitivity, flexibility, team player, strategic thinking, creating a shared vision, etc;

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

EXPERIENCE AND BACKGROUND

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

FIT

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

RETIREMENT

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

REMUNERATION POLICY

1. PREAMBLE

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

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

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

2. REMUNERATION OF NON-EXECUTIVE DIRECTORS

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

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

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

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

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

practice of paying differential commission will be considered by the Board.

2.6. Independent Directors will not be eligible to receive stock options under the Employee Stock Option Scheme(s) ("ESOP") of the Company, if any.

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

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

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

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

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

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

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

4. REMUNERATION TO KEY MANAGERIAL PERSONNEL / OTHER EMPLOYEES

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

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

- 4.2 In addition, select senior executives will be eligible for long-term incentive plan, which among others may include, in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP Scheme will be approved by the N&R Committee.
- 4.3 Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation will include Basic Salary, Housing Allowance, Leave Travel Allowance and a Cash Allowance.
- 4.4 The annual and long-term incentive (variable pay) of executives will be linked directly to the performance of the relevant business unit and the Company in accordance with the Employees Incentive Scheme of the Company as formulated from time to time.
- 4.5 Based on the grade and seniority of employees, benefits for employees include:
 - 4.5.1. Health-Related
 - 4.5.2. Health (hospitalization) Insurance
 - 4.5.3. Accident and Life Insurance
 - 4.5.4. Retirement-Related
 - 4.5.5. Contribution to a Superannuation Fund (in addition to statutory benefits such as Provident Fund account, Gratuity, etc.)
- 4.6 Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the grade of the employee.
- 4.7 A formal annual performance management process will be applicable to all employees, including senior executives and Key Management Personnel. Annual increases in fixed and variable compensation of individual executives will be

directly linked to the performance ratings of individual employee.

- 4.8 Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.
- 4.9 Employees may be eligible for ESOPs as per the ESOP scheme, if any, approved by the Shareholders and in force from time to time. The objective of the ESOP scheme will be to reward employees for their contribution to the long-term growth and profitability of the Company by providing a platform to share the value they create for the Company.
- 4.10 Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

5. COMMITTEE MEMBERS' INTEREST

The N&R may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

6. ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION

- 6.1 This Remuneration Policy and any changes thereof will be approved by the Board of Directors based on the recommendation(s) of the N&R Committee.
- 6.2 The policy shall be reviewed annually.
- 6.3 Norms as prescribed by the IRDAI or any other applicable statutory authority, as applicable, from time to time with regard to remuneration of Non-Executive Directors and MD/WTG/CEO shall be complied with.
- 6.4 Disclosures of this Remuneration Policy would be made at such places as may be required under any applicable statute.

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[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]

The Members,
CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LIMITED

CIN: U66030TN2001PLC047977

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

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

Based on our verification of the Insurance Company's books, documents, minute books, forms and returns filed and other records maintained by the Insurance Company and also the information provided by the Insurance Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Insurance Company has, during the audit period for the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Insurance Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, documents, minute books, forms and returns filed and other records maintained by the Insurance Company for the financial year ended on March 31, 2021 according to the provisions of:

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

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

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

The Insurance Company has not listed its equity shares in any of the Stock Exchanges and hence the question of complying with the provisions of the following Regulations (a to e) 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 (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (vi) The Management has identified and confirmed the following Laws as being specifically applicable to the Company:
 1. Insurance Act, 1938
 2. Insurance Rules, 1939
 3. Insurance Laws (Amendment) Act, 2015
 4. IRDAI Regulations, Guidelines, Circulars, directions, and notifications made thereunder.

We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the systems and mechanisms established by the Company are adequate to ensure compliance of laws as mentioned above.

With respect to the applicable financial laws such as Direct and Indirect tax laws, 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.

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

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

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

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

We further report that

The Board of Directors of the Insurance Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Independent Director, 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 before the schedule of the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Notes on agenda which are circulated less than the specified period, the necessary compliances under the Companies Act, 2013 and Secretarial Standards on Board Meetings are complied with. The Directors participated through video conferencing or other audio-visual means during the period under review, the necessary compliances of Rule 3 & 4 of the Companies (Meetings of Board and its powers) Rules, 2014 have been complied with. Further, the Circulars, Regulations and Guidelines issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India and other relevant regulatory authorities in view of the pandemic

pertaining to Board/ Committee meetings, General Meetings and other provisions of the Act, Rules and Regulations have been complied with by the Company.

Based on the verification of the records and minutes, the decisions were carried out with the consent of the Board of Directors / Committee Members and no Director / Member dissented on the decisions taken at such Board / Committee Meetings. Further, in the minutes of the General Meeting, the Members who voted against the resolution(s) have been recorded.

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

As informed, the Insurance Company has responded appropriately to notices for demands, claims, penalties etc. levied by various statutory/regulatory authorities and initiated actions for corrective measures, wherever found necessary.

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

PLACE : CHENNAI

DATE : 27th April, 2021

For R.SRIDHARAN & ASSOCIATES
COMPANY SECRETARIES

CS R.SRIDHARAN
CP No. 3239
FCS No. 4775
UIN : S2003TN063400
UDIN: F004775C000187188

This report is to be read with our letter of even date which is annexed as **ANNEXURE-A** and forms an integral part of this report.

The Members,
CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LIMITED
CIN: U66030TN2001PLC047977
Dare House, II Floor, N S C Bose Road,
Parrys, Chennai – 600001.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. It is the responsibility of the management of the Company to devise proper systems to ensure compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards and to ensure that the systems are adequate and operate effectively. Our examination was limited to the verification of procedure on a test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

PLACE : Chennai
DATE : 27th April, 2021

For R.SRIDHARAN & ASSOCIATES
COMPANY SECRETARIES

CS R.SRIDHARAN
CP No. 3239
FCS No. 4775
UIN : S2003TN063400
UDIN: F004775C000187188

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

- Providing support for initiatives aimed at improvements in Road Safety;
- Disaster relief and management;
- Women empowerment.

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, compliant and align 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.

ANNUAL ACTION PLAN

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of this policy, which shall include the following, namely:

- (a) The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act or as may be permitted;
- (b) The manner of execution of such CSR projects or programmes;
- (c) The modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (d) The monitoring and reporting mechanism for the projects or programmes; and
- (e) Details of need and impact assessment, if any, for the projects undertaken by the company;

Based on the recommendation of the CSR Committee, the Board may alter the action plan at any time during the financial year, based on a reasonable justification to that effect.

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, (the Act) as amended from time to time.

The amount spent on CSR activities in excess of mandatory requirement, may be set off against the requirement to spend towards CSR, under the Act, up to immediate succeeding three financial years subject to the conditions prescribed in the Act and the Rules made thereunder.

The unspent amount of CSR during a financial year, if any, not pertaining to any ongoing project shall be transferred by the Company to any fund specified in Schedule VII of the Act within six months from the expiry of the financial year.

The unspent amount of CSR during a financial year, if any, pertaining to any ongoing project, fulfilling such conditions as may be prescribed under the Act or the Rules made thereunder, and under the Policy, shall be transferred to a special bank account to be opened in this behalf for that financial year in a scheduled bank to be called "Unspent CSR Account" and such amount shall be spent by the Company towards CSR activities within a period of three financial years from the date of the transfer, failing which the Company shall transfer the same to a fund specified in Schedule VII of the Act within 30 days from the expiry of the third financial year.

In case of any surplus arising out of CSR projects, the same shall not form part of business profits of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account. The same shall be spent in pursuance of CSR policy or transferred such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.

CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by:

- a) A company established under section 8 of the Act, or a registered public trust or a registered society, having charitable objects and CSR Registration Number as prescribed under the Act and the Rules made thereunder; or
- b) Beneficiaries of the said CSR project in the form of self-help groups, collectives, entities; or
- c) Public authority.

IMPLEMENTATION

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

The Company shall implement its CSR programmes/projects:

- a) A company established under section 8 of the Act, or a registered public trust or a registered society, registered under sections 12A and 80G of the Income Tax Act, 1961, established by the Company either singly or along with any other company; or
- b) A company established under section 8 of the Act or a registered public trust or a registered society, established by the Central Government or State Government; or
- c) Any entity established under an Act of Parliament or a State legislature; or
- d) A company established under section 8 of the Act, or a registered public trust or a registered society, registered under sections 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

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.

The board shall make sure the CSR funds disbursed for ongoing projects, are utilised for the purposes in the manner as it was approved by the board and Chief Financial Officer shall certify the same.

CSR PROGRAMMES/PROJECTS

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

The programme areas are:

- Providing basic health care facilities to economically backward societies across geographical areas;
- Improving access to education;
- Provision of skill development/vocational training;
- Rural Development;
- Environmental sustainability;
- Promoting sports, arts & culture;
- Sustainable livelihood including setting up old age homes, day care centres and such other facilities for senior citizens;
- Road safety campaign;
- Disaster Relief Programmes;
- Women empowerment;
- Any other programme that falls under CSR Policy and which are in alignment with the activities listed in Schedule VII and Section 135 of the Companies Act, 2013, and the rules framed thereunder.

MONITORING AND REPORTING

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

The Company may engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes, as well as for capacity building of their own personnel for CSR.

The Board shall monitor the implementation of the project on approved timelines, year-wise allocation and shall make modification if any, ensuring smooth implementation of the project.

The Composition of the CSR Committee, CSR Policy and Projects approved by the Board shall be disclosed on the Company's website for public access.

The Company, subject to conditions as laid down under Act and Rules, shall undertake impact assessment for the projects through independent agency.

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

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

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



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AND FOLLOW AWAY!**



ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT FOR FINANCIAL YEAR ENDED MARCH 31, 2021

1. Brief Outline on CSR Policy of the Company

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

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

2. Composition of CSR Committee

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. M M Murugappan	Non-Executive Director & Chairman	2	2
2	Mr. Margam Rama Prasad	Independent Director	2	2
3	Mr. V Suryanarayanan	Managing Director	1	1
4	Mr. Takashi Kishi	Wholtime Director	2	2

3. The web-link of composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company at <https://www.cholainsurance.com/about-us/csr>

4. Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 : **Not Applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1	2020-21	NIL	NIL
	Total	NIL	NIL

6. Average net profit of the Company as per section 135(5) : **₹ 2,920.99 million**

7. (a) Two percent of average net profit of the Company as per section 135(5) : **₹ 58.42 million**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **NIL**

(c) Amount required to be set off for the financial year : **NIL**

(d) Total CSR obligation for the financial year (7a+7b-7c) : **₹ 58.42 million**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
4,01,31,941	1,83,42,692	23.04.2021	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
(1)	Contribution for provision of high grade medical equipments to Coromandel Hospital	Promoting Health Care including Preventive Health Care	No	Andhra Pradesh	East Godavari	2020-2022	1,75,00,000	NIL	1,75,00,000	No	AMM Foundation, Chennai, Tamil Nadu	CSR000 00050
(2)	Contribution towards providing cancer treatment for children from the under privileged background	Promoting Health Care including Preventive Health Care	Yes	Tamil Nadu	Chennai	2020-2022	10,00,000	1,57,308	8,42,692	No	TIARA Haemophilia and Cancer Foundation, Chennai, Tamil Nadu	CSR000 00448
	Total						1,85,00,000	1,57,308	1,83,42,692			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1	Contribution to Sir Ramaswami Mudaliar Higher Secondary School for funding its operations & maintenance	Improving Access to Education	Yes	Tamil Nadu	Chennai	70,35,173	No	AMM Foundation, Chennai, Tamil Nadu	CSR0000 0050
2	Contribution towards funding the operation of mobile science lab	Improving Access to Education	Yes	Tamil Nadu	Sivagangai	14,95,000	No	AMM Foundation, Chennai, Tamil Nadu	CSR0000 0050
3	Contribution to Murugappa Polytechnic College for funding its operations & maintenance	Improving Access to Education	Yes	Tamil Nadu	Chennai	6,33,908	No	AMM Foundation, Chennai, Tamil Nadu	CSR0000 0050
4	Contribution towards Insurance Awareness and Education Campaign	Improving Access to Education	No	PAN India	PAN India	65,00,000	No	General Insurance Council (GIC)	
5	Contribution for Educational Support to students from economically and socially weaker section of society	Improving Access to Education	No	Rajasthan	Udaipur	5,36,000	No	Vidya Bhawan Society, Udaipur, Rajasthan	
6	Contribution for conducting road safety awareness campaigns for MTC Bus Drivers & conductors and the general public	Improving Access to Education (Road Safety)	Yes	Tamil Nadu	Chennai	2,36,000	Yes	NA	NA
7	Contribution towards Promoting education as well as Value Education	Improving Access to Education	Yes	Tamil Nadu	Chennai	1,00,000	No	Vedanta institute (Madras), Chennai, Tamil Nadu	
8	Contribution for providing security and housekeeping maintenance of neonatal step-down wards at government general hospital	Promoting Health Care including Preventive Health Care	No	Andhra Pradesh	Kakinada	6,06,367	Yes	NA	NA
9	Contribution for provision of MRI Scan equipment for Sir Ivan Stedeford Hospital	Promoting Health Care including Preventive Health Care	Yes	Tamil Nadu	Chennai	1,24,55,919	No	AMM Foundation, Chennai, Tamil Nadu	CSR0000 0050
10	Contribution towards CSR Corpus fund	CSR Corpus fund	Yes	Tamil Nadu	Chennai	78,00,000	No	AMM Foundation, Chennai, Tamil Nadu	CSR0000 0050
11	Contribution towards the distribution of COVID-19 relief materials to underprivileged families	Disaster Relief and Management	Yes	Tamil Nadu	Chennai	5,00,000	No	Seva Bharathi, Chennai, Tamil Nadu	
12	Contribution towards the distribution of COVID-19 relief materials to migrant workers	Disaster Relief and Management	Yes	Tamil Nadu	Chennai	10,00,000	No	United Way of Chennai, Chennai, Tamil Nadu	CSR0000 0572
13	Contribution towards distribution of COVID-19 protective materials to frontline health workers and traffic police personnel	Disaster Relief and Management	Yes	Tamil Nadu	Chennai	4,36,526	Yes	NA	NA
	Total					3,93,34,893			

- (d) Amount spent in Administrative Overheads: ₹ 6,39,740
- (e) Amount spent on Impact Assessment: Nil
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 4,01,31,941
- (g) Excess amount for set off: Nil

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	5,84,20,000
(ii)	Total amount spent for the financial year	4,01,31,941
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NA
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NA

9. (a) Details of unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
	TOTAL	NIL					

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs.)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the project - Completed /Ongoing
					NIL			
	TOTAL					NIL		

10. Creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:

Not Applicable
(Asset-wise details)

- (a) Date of creation or acquisition of the capital asset(s): NA
- (b) Amount of CSR spent for creation or acquisition of capital asset: NA
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: NA
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per section 135 (5):
The Company has remitted the CSR amount to the implementing agencies during the financial year. However, certain implementing agencies have not fully utilised the amount towards the projects for which it was remitted towards in the financial year.

Managing Director

Chairman of CSR Committee

Place: Chennai
Date: April 27, 2021

Information under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and forming part of the Board's report for the year ended March 31, 2021

Nature of Disclosure	Particulars		
a) Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Name / Designation	% increase in remuneration in FY 2021 as compared to FY 2020	Ratio of Remuneration to Median Remuneration of employees
	Mr. M M Murugappan, Non-Executive Chairman	57.98	1.42:1
	Mr. Margam Rama Prasad, Independent Director	57.60	1.29:1
	Mr. K L R Babu, Independent Director	NA since served only for a part of the previous FY	0.90:1
	Ms. Kasivajjula Ramadevi, Independent Director	NA since served only for a part of the previous FY	0.69:1
	Mr. Sridharan Rangarajan, Non-Executive Director	122.67 *	1.56:1
	Mr. Hideo Yoshida, Non-Executive Director	271.76 *	1.19:1
	Mr. S S Gopalathnam, Managing Director (up to June 30, 2020)	NA since served only for a part of the FY	30.73:1
	Mr. V Suryanarayanan, Managing Director (from July 1, 2020)	NA since served only for a part of the FY	8.73:1
	Mr. Takashi Kishi, Wholetime Director	-	-

Revision in sitting fee payable to Non-Executive Directors for participating in the Board and Committee meetings which was approved by the Board in October 2019, and the revision in commission payable to Non-Executive Directors was approved which was applicable from FY 2019-20, paid in FY 2020-21.

* Mr. Sridharan Rangarajan and Mr. Hideo Yoshida have received Commission on proportionate basis based on the number of days in Office of Director in FY 2018-19, which was paid in FY 2019-20. They have received the full commission for FY 2019-20, in FY 2020-21.

b) Percentage increase in remuneration of CFO, CS in the financial year	Name / Designation	% increase in remuneration in 2021 as compared to 2020	
	Mr. S Venugopalan, Chief Financial Officer	24.78 #	
	Mr. Suresh Krishnan, Company Secretary	18.67 #	

Remuneration of KMPs include Long Term Incentive which is calculated based on the performance of FY 2019-20 paid in FY 2020-21

Nature of Disclosure	Particulars
c) Percentage increase in median remuneration of employees in the financial year	1% increase in median remuneration
d) Number of permanent employees in the rolls of the Company as on March 31, 2021	709
e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	<p>For employees other than managerial personnel who were in employment for the whole of FY 20 and FY 21, the average increase is 20.62%. The average remuneration of managerial personnel[^] increased by 22.19%.</p> <p>[^] As there was change in Managing Director during the year, the remunerations of only CFO and CS are taken for the purpose of comparison</p>
f) Affirmation that the remuneration is as per the remuneration policy of the Company	The remuneration is in line with the remuneration policy of the Company

For and on behalf of the Board of Directors

Place: Chennai
Date: April 27, 2021

M M Murugappan
Chairman

HEALTH INSURANCE MADE SIMPLE.



1

9500+
network
hospitals

2

Hassle-free
cashless
claims

3

24x7
customer
support

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 of Cholamandalam MS General Insurance Company Limited (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 FY 2021-22.
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 and transfer of shares were in accordance with the statutory / regulatory requirements.
4. We declare that the funds of holders of policies issued in India have not been directly or indirectly invested outside India.
5. We confirm that the required solvency margins as prescribed under the Insurance Act, 1938 and the Insurance Regulatory and Development Authority (Assets, Liabilities and Solvency Margin of the Insurers) Regulations, 2016, read together with Circular No. 12/IRDA/F&A/CIR/May-09 dated May 26, 2009, Circular No. IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013, Circular No. IRDA/F&A/CIR/CLE/114/05/2015 dated May 28, 2015, and IRDA/ACT/CIR/SLM/066/03/2017 dated March 28, 2017, have been maintained during the year ended March 31, 2021.
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, 2021, 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 of Directors 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 backups. The Company assesses its cyber related risks reviewed by independent agencies periodically and corrective measures are initiated. 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 2021, March 31, 2020, March 31, 2019, March 31, 2018 and March 31, 2017 is detailed in **Annexure 1**.
10. As at March 31, 2021, the investments of the Company comprise of investments in Government securities (both Central & State Govt securities), housing, infrastructure and other corporate bonds, alternate investment fund, fixed deposits with banks, money market instruments, units of real estate investment trust (REIT), listed equity shares and other investments. 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 other than temporary in value in which case an appropriate level of provisioning is carried. The Company has invested in units of a real estate investment trust which is classified under "Investment Property" and measured at fair value as per IRDAI Investments regulations.

11. The Company has adopted a prudent investment policy with emphasis on balancing requirements on portfolio duration, maintaining liquidity and optimising returns. Emphasis has been on investing in low-risk investments such as Government securities, fixed deposits with banks, corporate bonds with minimum credit rating of AA- and with a presence in equity. The Company carries out a periodic review of the investment portfolio and the investment policy. The Management is confident of the quality and performance of the investments except those referred in Note 7 of the Schedule 16 to the financial statements.

12. The Management 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 are 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, 2021, and of the profit for the year ended March 31, 2021.

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. Further, 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 as prescribed in Insurance Regulatory and Development Authority of India (Expenses of Management of Insurers transacting General or Health Insurance business) Regulations, 2016.

The Company has represented to the IRDAI through the General Insurance Council seeking forbearance of such excess in the context of the COVID-19 lockdown environment impacting the gross direct premium growth. The Company is awaiting a response.

(b) The Company has realisable Outstanding Premium from Central & State Governments under Rashtriya Swastha Bima Yojana Scheme (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 IRDAI through the General Insurance Council for relaxation of norms for such dues from the Government.

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

For and on behalf of the Board of Directors

M M Murugappan
Chairman

Takashi Kishi
Wholetime Director

V Suryanarayanan
Managing Director

Suresh Krishnan
Company Secretary

Sridharan Rangarajan
Director

S Venugopalan
Chief Financial Officer

Place: Chennai

Date: April 27, 2021

Annexure 1

TREND OF CLAIMS SETTLEMENT FOR THE LAST FIVE FINANCIAL YEARS:

Period	No. of Claims									
	Aviation	Engg	Fire	Liability	Marine	Misc	Accident	Health	Travel	Motor
30 days										
2020-21		421	158	68	21,659	1,757	353	54,038	9	1,30,912
2019-20		531	604	1,093	25,207	2,255	840	34,229	32	1,21,108
2018-19		241	810	1,392	19,451	1,187	1,055	24,130	37	85,621
2017-18		327	247	819	18,748	599	1,114	21,476	28	73,203
2016-17		172	131	300	15,450	305	790	16,564	40	72,158
30 days to 6 months										
2020-21		456	672	66	5,144	1,351	901	6,546	9	40,863
2019-20		482	1,177	77	6,103	1,350	923	1,287	24	47,318
2018-19		564	2,083	103	5,948	1,429	889	738	60	34,112
2017-18		362	1,345	284	4,611	931	794	445	64	35,341
2016-17		444	577	231	5,523	1,208	863	3,281	67	33,450
6 months to 1 year										
2020-21		62	127	26	404	172	59	109	1	2,849
2019-20		51	182	10	384	65	24	6	5	4,124
2018-19		80	151	22	538	47	54	26	5	4,179
2017-18		78	354	42	463	44	88	1	7	4,317
2016-17		97	164	37	650	70	62	36	13	4,115
1 year to 5 years										
2020-21		17	36	4	42	63	13	5	-	3,773
2019-20		30	23	5	34	9	7	-	2	4,901
2018-19		18	21	10	61	-	6	92	4	5,311
2017-18		15	165	29	81	14	19	-	6	5,698
2016-17		15	39	13	133	8	18	160	18	5,942
5 years and above										
2020-21		-	-	-	-	-	-	-	-	368
2019-20		-	1	-	2	-	-	-	-	502
2018-19		1	3	-	1	-	5	-	-	478
2017-18		2	7	2	3	-	15	-	1	479
2016-17		-	4	1	10	2	12	2	1	392
(₹.in Lakhs)										
Period	Amount Claimed									
30 days	Aviation	Engg	Fire	Liability	Marine	Misc	Accident	Health	Travel	Motor
2020-21		78	170	17	2,213	3,697	1,179	27,773	10	24,278
2019-20		40	213	247	2,538	50,801	2,343	13,919	23	23,570
2018-19		108	251	327	1,422	50,365	2,542	9,819	38	19,464
2017-18		82	228	222	1,490	4,410	2,469	7,992	11	15,579
2016-17		13	39	80	1,245	2,150	1,436	5,452	14	15,613
30 days to 6 months										
2020-21		361	2,655	218	2,449	1,765	3,685	4,692	14	34,931
2019-20		532	2,702	67	2,978	13,246	3,544	775	27	50,191
2018-19		309	3,559	79	2,578	7,737	3,242	356	271	43,165
2017-18		341	1,326	191	2,462	3,783	2,444	234	59	43,693
2016-17		305	1,863	163	3,207	7,056	1,970	1,688	47	40,134
6 months to 1 year										
2020-21		213	1,561	35	570	638	352	61	1	12,000
2019-20		224	2,364	19	478	726	305	20	58	17,503
2018-19		282	1,373	79	517	773	175	7	14	17,831
2017-18		107	1,643	42	806	578	175	20	43	18,073
2016-17		390	9,556	54	882	441	151	9	58	15,947
1 year to 5 years										
2020-21		359	403	11	249	(2,096)	149	13	-	28,230
2019-20		96	833	56	70	228	81	1	56	37,524
2018-19		174	9,160	41	(85)	200	33	14	70	38,288
2017-18		269	8,517	115	452	570	96	6	83	35,087
2016-17		385	3,561	67	245	9	65	14	49	33,803
5 years and above										
2020-21		2	5	-	-	(0)	4	(1)	-	4,682
2019-20		0	15	17	169	(0)	3	-	0	6,111
2018-19		25	479	1	24	14	6	-	0	5,518
2017-18		0	6	9	62	0	23	-	10	4,329
2016-17		(0)	7	-	1	10	32	1	23	2,076

R.G.N. Price & Co
Chartered Accountants
Simpson's Buildings
861, Anna Salai
Chennai – 600 002

Sharp & Tannan
Chartered Accountants
Parsn Manere, A4, 3rd Floor,
602, Anna Salai,
Chennai – 600 006

INDEPENDENT AUDITORS' REPORT

To The Members Of Cholamandalam MS General Insurance Company Limited

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Cholamandalam MS General Insurance Company Limited ("the Company") which comprise the Balance Sheet as at March 31, 2021, the Revenue Account, the Profit and Loss Account and Receipts and Payments Statement of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, to the best of our information, and according to the explanations given to us, the aforesaid financial statements give the information required by the Insurance Act, 1938, as amended by the Insurance Laws (Amendment) Act, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (as amended) (the "IRDA Act"), the Insurance Regularity and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ("the IRDA Financial Statements Regulations"), Circulars / Orders / Directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI" / "Authority") in this regard, and the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Companies (Accounting Standards) Amendment Rules, 2016, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2021;
- In the case of Revenue Account, of the operating profit for the year ended on that date;
- In the case of Profit and Loss Account, of the profit for the year ended on that date;
- In the case of Receipts and Payments Statement, of the receipts and payments for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 29 of Schedule 16 to financial statements, wherein the Company has disclosed impact assessment due to COVID-19 pandemic. As stated in the said note, the impact assessment carried out by the Management with available information did not indicate any material impact on the valuation of policy related liabilities and solvency position of the Company as at March 31, 2021. Considering the uncertainties prevailing in the economic conditions globally and in India, such impact assessment done by the management of the Company is dependent on the circumstances as they evolve in subsequent periods. Our opinion is not modified in this regard.

Key Audit Matters

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

SI No	Key Audit Matter	Our Audit Procedures Related to Key Audit Matter
1.	<p>Valuation of investment</p> <p>Please refer note 2(vii) to Schedule 16 Accounting policy for investments, Schedule 8 and 8A on Investments. Also refer note 7 to Schedule 16 on write off / provision for diminution in value of investments.</p> <p>We have considered this area as a Key Audit matter since the carrying value of investments as at March 31, 2021 was ₹110,605,055 thousand which is approximately 88% of total assets of the Company. The assessment of the value of investments as on the reporting date involves significant judgement by the management of the Company which can materially impact the impairment loss, if any and the carrying value of investments.</p>	<ul style="list-style-type: none"> Reviewed the accounting policies used by the Company for accounting and disclosing investments for compliance with the accounting framework and IRDAI regulations. Assessed the adequacy of internal controls, evaluated the design and tested the operating effectiveness of such controls for initial recognition, measurement, subsequent valuation and disclosure of investments as on the reporting date as per applicable regulations. Traced the opening balance with audited closing balance of investment from previous year financial statements. Verified the movement in investments during the year on a test check basis using direct third-party confirmation, statement of accounts, bank statements and other relevant documents. Other substantive and analytical procedures were carried out to corroborate the management assertions pertaining to investments. Reviewed the process followed by the management of the Company in classification and valuation of investments and independently reperformed the valuation check on a sample basis to confirm their appropriateness. Investments identified for impairment provisioning / write-off by the management of the Company as per criteria set out in the investment policy of the Company are verified by independently assessing the risk of impairment loss and probability of realisation of investment value by considering publicly available information about the investee entities, directions issued by their regulators, Government of India and IRDAI. Reviewed the basis of assessment used by the Company's investment committee and discussed the same with Chief Investment Officer and Chief Financial Officer. Checked the compliance with IRDAI prudential norms for provisioning in validating the adequacy of impairment provision / write-off.
2.	<p>Valuation of outstanding claims ("OC") including claims incurred but not reported ("IBNR") and claims incurred but not enough reported ("IBNER")</p> <p>Please refer Schedule 2, Schedule 13(8) and Note No. 2(v) of Schedule 16 to financial statements.</p> <p>We considered this as a key audit matter because the valuation of OC including IBNR and IBNER are significant in magnitude and requires use of judgements and estimates. OC including IBNR/IBNER, are estimates for settlement of claims in future which are impacted by number of factors which includes the trends in severity of historical claims, frequency of historical claims and IRDAI regulations. In particular, the claims arising from death or disability covered under motor insurance contracts involves complex and subjective judgements about future events, both internal and</p>	<p>In relation to this area, our audit response included the following:</p> <ul style="list-style-type: none"> Assessed and tested the operating effectiveness of key controls relating to the claims handling and reserving process, including controls over completeness and accuracy of the claim estimates recorded; Substantive tests were performed on the amounts recorded for a sample of OC, which are material to assess whether claims are appropriately estimated and recorded; Evaluated the competence, objectivity and independence of the Actuary appointed by the Management to review the adequacy of OC, including IBNR and IBNER; Tested the completeness and accuracy of underlying data provided by the Management to the Appointed Actuary on a sample basis;

SI No	Key Audit Matter	Our Audit Procedures Related to Key Audit Matter
	<p>external to the business, for which small changes in assumptions can materially impact the valuation of these liabilities.</p> <p>Total OC including IBNR and IBNER provisions amounts to ₹64,630,144 thousand (net of RI recoveries) as on March 31, 2021.</p>	<ul style="list-style-type: none"> Assessed the adequacy of Company's related disclosures by reference to relevant accounting standards and IRDAI Regulations.
3.	<p>Contingent Liabilities:</p> <p>Please refer Note No. 6 of Schedule 16 to financial statements.</p> <p>Total contingent liabilities as at March 31, 2021 is ₹5,112,172 thousand.</p> <p>We have considered this as a key audit matter because the Company has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p>	<p>In relation to this area, our audit response included the following:</p> <ul style="list-style-type: none"> Reviewed the details of pending tax demands as at March 31, 2021. Reviewed Company's correspondences with tax authorities, legal counsels, grounds of appeal filed with various appellate authorities and industry position on various tax disputes. Verified the adequacy of disclosures in the financial statements in this respect.

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

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

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

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

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013, with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and receipts and payments of the Company in accordance with the accounting principles generally accepted in

India, including the accounting standards specified under section 133 of the Act and the provisions of Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (as amended) (the "IRDA Act"), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), Circulars / Orders / Directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI"/ "Authority") in this regard. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the IRDA Financial Statements Regulations, we have issued a separate certificate dated April 27, 2021, certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDA Financial Statements Regulations. As required by IRDA Financial Statements Regulations and the provisions of Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. As the financial accounting system of the Company is centralized, no returns for the purpose of our audit are prepared at the branches and other offices of the Company as required under Section 143(8) of the Act;
- d. In our opinion, the Balance Sheet, the Revenue Account, the Profit and Loss Account and the Receipts and Payments Statement dealt with by this Report are in agreement with the books of account;
- e. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Accounting Standards) Amendment Rules, 2016, to the extent applicable and with the accounting principles prescribed in IRDA Financial Statements Regulations and Circulars / Orders / Directions issued by the IRDAI in this regard;
- f. Investments of the Company have been valued in accordance with the provisions of the Insurance Act and the IRDA Financial Statements Regulations;
- g. The accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards specified under Section 133 of the Act, read with Companies (Accounting Standards) Amendment Rules, 2016, to the extent applicable and with the accounting principles prescribed in IRDA Financial Statements Regulations and Circulars / Orders / Directions issued by the IRDAI in this regard;
- h. The estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) has

been certified by the Company's Appointed Actuary. The Appointed Actuary has certified to the Company that the assumptions used for such valuation are appropriate and are in accordance with the requirements of the IRDAI and Institute of Actuaries of India in concurrence with IRDAI. We have relied on the Appointed Actuary's certificate in this regard;

- i. On the basis of the written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors or disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013;
- j. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
- k. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act and Section 34 of the IRDAI Act.
- l. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion, to the best of our information and according to the

explanations given to us:

- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 6 of Schedule 16 - Notes to 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 during the year.

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

K. Venkatakrishnan
Partner
Membership No. 208591
UDIN: 21208591AAAADC6910

Place: Chennai
Date: April 27, 2021

For Sharp & Tannan
Chartered Accountants
Registration No.003792S

V. Viswanathan
Partner
Membership No. 215565
UDIN: 21215565AAAABP6614

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls over financial reporting of Cholamandalam MS General Insurance Company Limited ("the Company") as at March 31, 2021, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for the Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient

and appropriate to provide a base for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

For Sharp & Tannan
Chartered Accountants
Registration No.003792S

K. Venkatakrishnan
Partner
Membership No. 208591
UDIN: 21208591AAAADC6910
Place: Chennai
Date: April 27, 2021

V. Viswanathan
Partner
Membership No. 215565
UDIN: 21215565AAAABP6614

INDEPENDENT AUDITOR'S CERTIFICATE

To The Members Of Cholamandalam MS General Insurance Company Limited

(Referred to in 'Report on Other Legal and Regulatory requirements' of our report of end date)

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

Management's Responsibility for the Statement

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

Auditors' Responsibility

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

Opinion

4. In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of account and other records maintained by Cholamandalam MS General Insurance Company Limited ("The Company") for the year ended March 31, 2021, we certify that:

i. We have reviewed the management report attached to the financial statements for the financial year ended March 31, 2021, and there is no apparent mistake or material inconsistency therein with the financial statements;

ii. Based on the management representations and compliance certificates submitted to the Board of Directors, we certify that the Company has complied with the terms and conditions of registration stipulated by IRDAI vide their letter dated July 15, 2002;

iii. We have physically verified the cash balances at the corporate office of the Company and certain select branch offices as at March 31, 2021 and verified the cash/cheque deposit slips submitted to the banks. Further, we have also relied upon the Management's certificate for cash/cheque balances as at March 31, 2021. In respect of the investments held by the Company as at March 31, 2021, we have verified confirmations received over email from the Custodian and/or depository participants appointed by the Company, as the case may be;

iv. The Company is not a trustee of any trust;

v. No part of the assets of the policyholders' funds have been directly or indirectly applied in contravention of the provisions of the Insurance Act relating to application and investment of policyholders' funds.

Restriction on Use

5. This certificate is issued at the request of the Company solely for use of the Company for inclusion in the annual accounts in order to comply with the provisions of paragraph 3 and 4 of Schedule C of the IRDA Financial Statements Regulations read with Regulation 3 of the IRDA Financial Statements Regulations and is not intended to be and should not be used for any other purpose without our prior consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this Certificate is shown or into whose hands it may come without our prior consent in writing.

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

K. Venkatakrishnan
Partner
Membership No. 208591
UDIN: 21208591AAAADC6910

Place: Chennai
Date: April 27, 2021

For Sharp & Tannan
Chartered Accountants
Registration No.003792S

V. Viswanathan
Partner
Membership No. 215565
UDIN: 21215565AAAABP6614

BALANCE SHEET

as at March 31, 2021

FORM B-BS

Registration No.123

Date of Registration with the IRDA July 15, 2002

(₹ '000)

Particulars	Schedule	As at March 31, 2021	As at March 31, 2020
Source of Funds			
Share Capital	5	29,88,057	29,88,057
Reserves and Surplus	6	1,58,57,598	1,30,40,879
Fair Value Change Account - Share Holders		28,128	(23,274)
Fair Value Change Account - Policy Holders		2,41,088	(2,64,865)
Borrowings	7	10,00,000	10,00,000
TOTAL		2,01,14,871	1,67,40,797
APPLICATION OF FUNDS			
Investments - Share Holders	8	1,16,14,098	72,84,891
Investments - Policy Holders	8A	9,89,90,957	8,34,99,757
Loans	9	-	-
Fixed Assets	10	7,26,722	7,23,614
Deferred Tax Asset (Refer Note 18 of Schedule 16)		19,78,639	16,01,757
Current Assets			
Cash and Bank Balances	11	3,37,058	4,15,269
Advances and Other Assets	12	1,14,44,387	1,18,93,956
Sub-Total (A)		1,17,81,445	1,23,09,225
Current Liabilities	13	8,09,28,323	6,61,94,401
Provisions	14	2,40,48,667	2,24,84,046
Sub-Total (B)		10,49,76,990	8,86,78,447
Net Current Assets (C) = (A - B)		(9,31,95,545)	(7,63,69,222)
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit and Loss Account (net of reserves)		-	-
TOTAL		2,01,14,871	1,67,40,797
Notes to Financial Statements	16		

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

This is the Balance Sheet referred to in our Report of even date attached

For and on behalf of the Board of Directors

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

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

M M Murugappan
Chairman

V Suryanarayanan
Managing Director

K Venkatakrishnan
Partner
M. No. 208591

V Viswanathan
Partner
M. No. 215565

Sridharan Rangarajan
Director

Takashi Kishi
Wholetime Director

Place: Chennai
Date : April 27, 2021

Suresh Krishnan
Company Secretary

S Venugopalan
Chief Financial Officer

PROFIT AND LOSS ACCOUNT

for the year ended March 31, 2021

FORM B-PL

Registration No.123

Date of Registration with the IRDA July 15, 2002

(₹ '000)

Particulars	Schedule	Year Ended March 31, 2021	Year Ended March 31, 2020
1 OPERATING PROFIT/(LOSS)			
(a) Fire Insurance		8,12,143	7,10,039
(b) Marine Insurance		47,040	63,305
(c) Miscellaneous Insurance		49,45,215	46,16,851
2 INCOME FROM INVESTMENTS			
(a) Interest and Dividend – Gross of TDS		6,88,383	4,63,498
(b) Profit on Sale of Investments		1,45,526	1,42,792
Less: Loss on Sale of Investments		-	-
3 OTHER INCOME		-	-
TOTAL (A)		66,38,307	59,96,485
4 PROVISIONS (Other than Taxation)			
(a) For Diminution in the Value of Investments		9,200	(28,917)
(b) For Doubtful Debts/Investments (Refer Note 7 of Schedule 16)		(8,23,438)	15,73,243
(c) Others		-	1,233
5 OTHER EXPENSES			
(a) Expenses Other Than those Related to Insurance Business		1,97,040	78,149
(b) Employees' Remuneration and Welfare Benefits		37,305	27,871
(c) Bad Debts/Investments Written Off (Refer Note 7 of schedule 16)		18,59,538	7,77,342
(d) Interest on Debenture & Debenture issue related expenses		87,500	87,500
(e) Others - CSR Expenses & Donations (Refer Note 26 of schedule 16)		58,475	57,469
(f) Contribution to Policyholders Funds towards Excess EoM		14,64,850	8,76,595
TOTAL (B)		28,90,470	34,50,485
Profit Before Tax		37,47,837	25,46,000
Provision for Taxation			
Current Tax		13,08,000	10,30,000
Deferred Tax (Refer Note 18 of schedule 16)		(3,76,882)	21,600
Profit After Tax		28,16,719	14,94,400
APPROPRIATIONS			
(a) Interim Dividends Paid During the Year		-	-
(b) Final Dividend Paid		-	-
(c) Dividend Distribution Tax Paid		-	-
(d) Transfer to Contingency Reserve for Unexpired Risks		-	-
(e) Transfer to General Reserve		15,00,000	10,00,000
(f) Transfer to Debenture Redemption Reserve		-	-
Balance of Profit Brought Forward from Previous Year		50,60,667	45,66,267
Balance Carried Forward to Balance Sheet		63,77,386	50,60,667
Earnings Per Share - Basic & Diluted (Rs.) (Refer Note 17 of Schedule 16)		9.43	5.00
Face value per share (Rs.)		10.00	10.00
Notes to Financial Statements	16		

The Schedules referred to above form an integral part of the Financial Statements
This is the Profit and Loss Account referred to in our Report of even date attached

For and on behalf of the Board of Directors

For RGN Price & Co.
Chartered Accountants
Firm Regn No.0027855

For Sharp & Tannan
Chartered Accountants
Firm Regn No:0037925

M M Murugappan
Chairman

V Suryanarayanan
Managing Director

K Venkatakrishnan
Partner
M. No. 208591

V Viswanathan
Partner
M. No. 215565

Sridharan Rangarajan
Director

Takashi Kishi
Wholetime Director

Place: Chennai
Date : April 27, 2021

Suresh Krishnan
Company Secretary

S Venugopalan
Chief Financial Officer

RECEIPTS AND PAYMENTS STATEMENT

for the year ended March 31, 2021

Registration No.123

(₹ '000)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Cash Flows from Operating Activities		
Receipts from Policyholders - Premium on Direct Business	4,58,68,666	5,06,95,295
Other Receipts	87,50,545	88,99,191
Direct Claims Paid	(1,60,81,411)	(2,36,18,993)
Receipts / (Payments) from / to Reinsurers (Net)	(36,45,453)	(12,05,816)
Receipts / (Payments) from / to Co-insurers (Net)	(1,03,457)	(2,840)
Operating Expenses Paid	(1,03,56,589)	(1,21,52,380)
Commission Payments	(34,69,781)	(32,95,124)
Deposits and Advances recovered/(Given) (Net)	1,90,745	4,23,335
Taxes Paid	(12,82,202)	(18,83,936)
GST Paid	(90,47,922)	(92,81,211)
Net Cash Flows from Operating Activities	1,08,23,141	85,77,521
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(2,22,705)	(2,68,738)
Proceeds on Disposal of Fixed Assets	3,576	3,082
Purchase of Investments	(16,07,00,240)	(26,16,90,670)
Sale of Investments	14,30,22,269	24,67,89,686
Rents/Interest/ Dividends Received	71,11,908	65,06,155
Expenses Related to Investments	(28,539)	(52,675)
Fixed Deposits Placed with Banks	-	-
Net Cash Flows used in Investing Activities	(1,08,13,731)	(87,13,160)
Cash Flows from Financing Activities		
Proceeds from Issue of NCDs	-	-
Dividend Paid Including Distribution Tax Paid	-	-
Interest paid on NCD	(87,621)	(87,379)
Net Cash Flows from Financing Activities	(87,621)	(87,379)
Net Increase in Cash and Cash Equivalents	(78,211)	(2,23,018)
Cash and Cash Equivalents at Beginning of the Year	4,09,232	6,32,250
Cash and Cash Equivalents at End of the Year	3,31,021	4,09,232

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

1. Reconciliation Between Cash and Cash Equivalents as per Financial Statements and receipts and payments accounts

Amount in Thousands

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Cash and Cash Equivalents as per Financial Statements	3,37,058	4,15,269
Less: Deposits given on Bank Guarantee	6,037	6,037
Cash and Cash Equivalents as per Receipts and Payment Account	3,31,021	4,09,232

2. The operating expenses payments include CSR payments of ₹58,475 thousands (Previous year - ₹57,469 thousands)

For and on behalf of the Board of Directors

For RGN Price & Co.
Chartered Accountants
Firm Regn No.0027855

For Sharp & Tannan
Chartered Accountants
Firm Regn No:0037925

M M Murugappan
Chairman

V Suryanarayanan
Managing Director

K Venkatakrishnan
Partner
M. No. 208591

V Viswanathan
Partner
M. No. 215565

Sridharan Rangarajan
Director

Takashi Kishi
Wholetime Director

Place: Chennai
Date : April 27, 2021

Suresh Krishnan
Company Secretary

S Venugopalan
Chief Financial Officer

REVENUE ACCOUNT

for the year ended March 31, 2021

Registration No.123

FORM B-RA

Date of Registration with the IRDA July 15, 2002

(₹ '000)

Particulars	Schedule	Fire Business		Marine Business		Miscellaneous Business		Total	
		Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020
Premiums Earned (Net)	1	12,31,884	9,59,057	2,52,231	1,99,862	3,05,40,247	3,32,11,105	3,20,24,362	3,43,70,024
Profit / Loss on Sale / Redemption of Investments (Net)		45,223	62,354	3,181	4,116	11,91,965	15,70,220	12,40,369	16,36,690
Others									
Administrative Charges		3,330	1,984	767	789	257	266	4,354	3,039
Investment income from pool (Terrorism pool)		75,999	31,474	-	-	22,379	3,329	98,378	34,803
EOM		-	-	-	-	14,64,850	8,76,595	14,64,850	8,76,595
Interest and Dividend (Gross of TDS)		2,13,918	2,02,399	15,048	13,360	56,38,358	50,98,492	58,67,324	53,14,251
TOTAL (A)		15,70,354	12,57,268	2,71,227	2,18,127	3,88,58,056	4,07,60,007	4,06,99,637	4,22,35,402
Claims Incurred (Net)	2	4,16,580	4,05,524	1,85,438	1,15,181	2,25,96,259	2,52,52,110	2,31,98,277	2,57,72,815
Commission (Net)	3	(1,91,691)	(99,075)	(35,187)	(45,368)	7,75,523	6,64,030	5,48,645	5,19,587
Operating Expenses Related to Insurance Business	4	5,33,322	2,40,780	73,936	85,009	1,05,41,059	1,02,27,016	1,11,48,317	1,05,52,805
Premium Deficiency		-	-	-	-	-	-	-	-
TOTAL (B)		7,58,211	5,47,229	2,24,187	1,54,822	3,39,12,841	3,61,43,156	3,48,95,239	3,68,45,207
Operating Profit (A - B)		8,12,143	7,10,039	47,040	63,305	49,45,215	46,16,851	58,04,398	53,90,195
APPROPRIATIONS									
Transfer to Shareholders' Account		8,12,143	7,10,039	47,040	63,305	49,45,215	46,16,851	58,04,398	53,90,195
Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
Transfer to Other Reserves		-	-	-	-	-	-	-	-
TOTAL (C)		8,12,143	7,10,039	47,040	63,305	49,45,215	46,16,851	58,04,398	53,90,195

Notes to Financial Statements

16

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

For and on behalf of the Board of Directors

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

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

K Venkatakrishnan
Partner
M. No.208591

V Viswanathan
Partner
M. No. 215565

Place: Chennai
Date : April 27, 2021

M M Murugappan
Chairman

V Suryanarayanan
Managing Director

Sridharan Rangarajan
Director

Takashi Kishi
Wholtime Director

Suresh Krishnan
Company Secretary

S Venugopalan
Chief Financial Officer

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 1 - PREMIUM EARNED (NET)

(₹ '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020
Premium from Direct Business Written	44,47,107	33,99,593	7,85,456	8,96,465	3,86,49,520	39,688,875	4,38,82,083	4,39,84,933
Add: Premium on Reinsurance Accepted	93,586	87,451	-	-	26,965	27,261	1,20,551	1,14,712
Less: Premium on Reinsurance Ceded	26,87,615	20,44,451	4,93,680	6,74,467	72,45,486	72,88,777	1,04,26,781	1,00,07,695
Net Premium	18,53,078	14,42,593	2,91,776	2,21,998	3,14,30,999	3,24,27,359	3,35,75,853	3,40,91,950
Adjustment for Change in Provision for Unexpired Risks	6,21,194	4,83,536	39,545	22,136	8,90,752	(7,83,746)	15,51,491	(2,78,074)
Total Premium Earned (Net)	12,31,884	9,59,057	2,52,231	1,99,862	3,05,40,247	3,32,11,105	3,20,24,362	3,43,70,024
Note:								
Premium Income from business effected:								
In India	12,31,884	9,59,057	2,52,231	1,99,862	3,05,40,247	3,32,11,105	3,20,24,362	3,43,70,024
Outside India	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	12,31,884	9,59,057	2,52,231	1,99,862	3,05,40,247	3,32,11,105	3,20,24,362	3,43,70,024

SCHEDULE 2 - CLAIMS INCURRED (NET)

(₹ '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020
Claims Paid								
Direct	4,79,360	6,12,748	5,48,056	6,23,310	1,49,83,436	2,24,61,309	1,60,10,852	2,36,97,367
Add: Reinsurance Accepted	740	(1,331)	-	-	139	(19)	879	(1,350)
Less: Reinsurance Ceded	2,44,915	2,65,221	3,98,098	5,15,341	33,20,499	83,13,173	39,63,512	90,93,735
Net Claims Paid	2,35,185	3,46,196	1,49,958	1,07,969	1,16,63,076	1,41,48,117	1,20,48,219	1,46,02,282
Add: Claims Outstanding at the End of the Year (including the estimates of IBNR and IBNER) (Net) *	4,68,243	2,86,848	1,00,467	64,987	6,40,61,434	5,31,28,251	6,46,30,144	5,34,80,086
Less: Claims Outstanding at the Beginning of the Year (including the estimates of IBNR and IBNER) (Net) **	2,86,848	2,27,520	64,987	57,775	5,31,28,251	4,20,24,258	5,34,80,086	4,23,09,553
Total Claims Incurred (Net)	4,16,580	4,05,524	1,85,438	1,15,181	2,25,96,259	2,52,52,110	2,31,98,277	2,57,72,815
Note:								
Claims, Less Reinsurance, Paid to Claimants								
In India	2,35,185	3,46,196	1,49,958	1,07,969	1,16,63,076	1,41,48,117	1,20,48,219	1,46,02,282
Outside India	-	-	-	-	-	-	-	-
*Estimates of IBNR and IBNER at End of the Year	39,900	30,216	18,070	16,311	4,38,52,446	3,45,00,694	4,39,10,416	3,45,47,221
** Estimates of IBNR and IBNER at Beginning of the Year	30,216	95,540	16,311	73,240	3,45,00,694	2,28,43,207	3,45,47,221	2,30,11,987

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 3 - COMMISSION (NET)

(₹ '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020
Commission Paid								
Direct	3,86,814	3,06,903	61,649	54,140	31,04,512	29,08,197	35,52,975	32,69,240
Add: Reinsurance Accepted	2,608	2,770	-	-	416	332	3,024	3,102
Less: Commission on Reinsurance Ceded	5,81,113	4,08,748	96,836	99,508	23,29,405	22,44,499	30,07,354	27,52,755
Net Commission	(1,91,691)	(99,075)	(35,187)	(45,368)	7,75,523	6,64,030	5,48,645	5,19,587
Agents	9,980	6,623	2,859	2,265	35,457	32,132	48,297	41,020
Brokers	1,35,021	84,671	39,181	37,256	10,42,142	8,82,378	12,16,345	10,04,305
Corporate Agency	2,41,813	2,15,610	19,609	14,619	20,26,913	19,93,687	22,88,334	22,23,916
Referral							-	-
Total	3,86,814	3,06,903	61,649	54,140	31,04,512	29,08,197	35,52,975	32,69,240

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Schedule 4 - Operating Expenses Related To Insurance Business

(₹ '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020
1 Employees' Remuneration and Welfare Benefits	57,163	53,168	19,406	38,015	13,24,481	12,51,954	14,01,050	13,43,137
2 Travel, Conveyance and Vehicle Running Expenses	1,126	4,965	329	2,944	30,728	1,19,397	32,183	1,27,306
3 Training Expenses	725	1,236	114	190	12,295	27,790	13,134	29,216
4 Rent, Rates and Taxes	9,016	5,233	1,420	805	1,19,846	1,17,640	1,30,282	1,23,678
5 Repairs	2,385	1,276	375	196	40,448	28,674	43,208	30,146
6 Printing and Stationery	2,748	2,005	148	309	24,940	45,073	27,836	47,387
7 Communication	3,153	3,561	497	548	53,488	80,040	57,138	84,149
8 Legal and Professional Charges	2,943	3,087	463	475	49,915	69,385	53,321	72,947
9 Auditors' Fees and Expenses								
As Auditors	146	112	23	17	2,471	2,511	2,640	2,640
As adviser or in any other capacity in respect of								
- Taxation Matters	20	16	3	2	347	352	370	370
- Certification	85	57	13	9	1,447	1,273	1,545	1,339
Out of Pocket Expenses	3	2	-	-	47	48	50	50
10 Advertisement and Publicity	1,11,829	17,821	3,106	2,296	22,03,696	19,61,861	23,18,631	19,81,978
11 Interest and Bank Charges	6,254	4,347	985	669	1,06,077	97,725	1,13,316	1,02,741
12 Others								
Power and Electricity	1,243	1,539	196	237	21,091	34,590	22,530	36,366
Information Technology Expenses	23,057	17,377	3,630	2,674	3,91,087	3,90,606	4,17,774	4,10,657
Marketing Expenses	1,02,455	34,140	19,358	21,105	33,33,503	37,74,301	34,55,316	38,29,546
Operating Lease Charges	8,240	3,052	1,297	470	1,39,758	68,605	1,49,295	72,127
IRDA Registration renewal fees	1,214	937	191	144	20,588	21,060	21,993	22,141
Service Tax/GST Expense	-	-	-	-	500	5,000	500	5,000
Outsourcing Expenses	1,72,435	58,086	19,575	11,123	23,59,972	17,20,776	25,51,982	17,89,985
Net Exchange (Gain) / Loss	-	1	-	-	1	22	1	23
Co-insurance Administrative Charges	451	209	71	32	7,656	4,689	8,178	4,930
Terrorism Pool - Management Expenses	9,255	10,690	-	-	1,951	2,101	11,206	12,791
Miscellaneous Expenses (Net) (Note below)	5,376	8,081	846	1,244	91,181	1,81,649	97,403	1,90,974
13 Depreciation	12,000	9,782	1,890	1,505	2,03,545	2,19,894	2,17,435	2,31,181
Total	5,33,322	2,40,780	73,936	85,009	1,05,41,059	1,02,27,016	1,11,48,317	1,05,52,805
Less: Write Back of Provision no longer required	-	-	-	-	-	-	-	-
	5,33,322	2,40,780	73,936	85,009	1,05,41,059	1,02,27,016	1,11,48,317	1,05,52,805
Note: Miscellaneous Expenses are Net of								
(a) Profit / (Loss) on sale of Fixed Assets (Net)	92	103	15	16	1,557	2,311	1,664	2,430

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 5 - SHARE CAPITAL

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Authorised Capital 324,000,000 (Previous Year: 324,000,000) Equity Shares of ₹ 10 each	32,40,000	32,40,000
2. Issued Capital 298,805,700 (Previous Year: 298,805,700) Equity Shares of ₹ 10 each	29,88,057	29,88,057
3. Subscribed Capital 298,805,700 (Previous Year: 298,805,700) Equity Shares of ₹ 10 each	29,88,057	29,88,057
4. Called-up Capital 298,805,700 (Previous Year: 298,805,700) Equity Shares of ₹ 10 each fully paid up	29,88,057	29,88,057
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	29,88,057	29,88,057
Note: Number of Shares held by Cholamandalam Financial Holdings Limited (previously known as TI Financial Holdings Limited), the Holding Company	17,92,82,861	17,92,82,861

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Shareholder Category				
Promoters				
Indian	17,92,83,420	60	17,92,83,420	60
Foreign	11,95,22,280	40	11,95,22,280	40
Total	29,88,05,700	100	29,88,05,700	100

SCHEDULE 6 - RESERVES AND SURPLUS

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Capital Reserve	-	-
2. Capital Redemption Reserve	-	-
3. Share Premium	1,432,645	1,432,645
4. General Reserve	63,47,567	
Add: (a) Transfer from Contingency Reserve for Unexpired Risks (b) Transfer from Profit and Loss Account	78,47,567	63,47,567
5. Catastrophe Reserve	-	-
6. Contingency Reserve for Unexpired Risks	-	-
7. Balance of Profit in Profit and Loss Account	63,77,386	50,60,667
8. Debenture Redemption Reserve (Refer Note 5 of Schedule 16)	2,00,000	2,00,000
Total	1,58,57,598	1,30,40,879

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE - 7 - BORROWINGS

(₹ '000)

Particulars	As at March 31, 2021	As at Mar 31, 2020
1. Debentures / Bonds (Refer Note 5 of Schedule 16)	10,00,000	10,00,000
2. Banks	-	-
3. Financial Institutions	-	-
4. Others	-	-
Total	10,00,000	10,00,000

SCHEDULE 8 - INVESTMENTS - SHAREHOLDERS

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
Long Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	80,46,233	50,67,652
Other Approved Securities	-	-
Approved Investments		
- Debentures/Bonds	9,14,099	5,97,088
- Fixed Deposits with Banks	22,986	6,259
- Equity Shares (Net of Fair Value Change)	1,03,328	60,548
- Investment Properties - Real Estate	30,268	23,130
- Investment Properties - REIT	1,777	-
Investments in Infrastructure and Social Sector	6,26,267	4,15,207
Investments in Alternate Investment funds	12,192	10,681
Other than Approved Investments		
- Debentures/Bonds	1,55,700	2,63,163
Less: Provision for Impairment	(43,951)	(77,059)
- Debentures/Bonds (Net of Impairment)	1,11,749	1,86,104
- Equity Shares (Net of Fair Value Change)	5,485	2,246
Total (A)	98,74,384	63,68,915
Short Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	-	-
Other Approved Securities	-	-
Approved Investments		
- Debentures/Bonds	5,03,976	5,31,468
- Fixed Deposits with Banks	8,77,034	1,74,506
- Money Market Instruments	-	-
- Mutual Funds (Liquid Schemes)	1,48,630	69,011
Investments in Infrastructure and Social Sector	1,83,642	1,38,075
Other than Approved Investments		
- Debentures/Bonds	77,052	64,259
Less: Provision for Impairment	(50,620)	(61,344)
- Debentures/Bonds (Net of Impairment)	26,432	2,915
Total (B)	17,39,714	9,15,976
Total (A) + (B)	1,16,14,098	72,84,891

Notes:

- (1) All investments are performing investments except investments referred in Note 7 of schedule 16 and are in India.
- (2) There are no contracts in relation to investments for purchases where deliveries are pending or for sales where payments are overdue except as disclosed in the Financial Statements.
- (3) Fair Value of Investment Property has been done by independent valuer
- (4) Details of Cost and Market Value (₹'000): The Cost given in the Note below is excluding the provisions considered for stressed assets

(₹ '000)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Cost	Market Value	Cost	Market Value
a) Equity Shares listed	87,050	1,08,813	90,337	62,714
b) Mutual Funds	1,48,566	1,48,630	69,010	69,011
c) Government and other securities	80,46,233	80,93,506	50,67,652	51,48,754
d) Fixed Deposit with Banks	9,00,020	9,00,020	1,80,765	1,80,765
e) Corporate Bonds	27,60,724	23,50,240	20,09,260	17,53,927
f) Investments Property - REIT	2,189	1,777	0	0
g) Investment Properties - Real Estate	30,268	26,146	23,130	19,981
h) Investment in AIF	12,192	12,192	10,681	10,681
Total	1,19,87,242	1,16,41,324	74,50,835	72,45,833

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 8A - INVESTMENTS - POLICYHOLDERS

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
Long Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	6,85,80,810	5,80,85,655
Other Approved Securities	-	-
Approved Investments		
- Debentures / Bonds	77,91,182	68,43,851
- Fixed Deposits with Banks	1,95,914	71,741
- Equity Shares (Net of Fair Value Change)	8,80,697	6,94,008
- Investment Properties - Real Estate	2,57,983	2,65,121
- Investment Properties - REIT	15,142	-
Investments in Infrastructure and Social Sector	53,37,886	47,59,122
Unclaimed Policyholders' Fund - Bank Deposits	-	-
Investments in Alternate Investment funds	1,03,916	1,22,430
Other than Approved Investments		
- Debentures / Bonds	13,27,088	30,16,383
Less: Provision for Impairment	(3,74,607)	(8,83,250)
- Debentures / Bonds (Net of Impairment)	9,52,481	21,33,133
- Equity Shares (Net of Fair Value Change)	46,750	25,743
Total (A)	8,41,62,761	7,30,00,804
Short Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	-	-
Other Approved Securities	-	-
Approved Investments		
- Debentures / Bonds	42,95,564	60,91,714
- Fixed Deposits with Banks	74,75,266	20,00,194
- Money Market Instruments	-	-
- Mutual Funds (Liquid Schemes)	12,66,828	7,91,006
Investments in Infrastructure and Social Sector	15,65,249	15,82,623
Other than Approved Investments		
- Debentures / Bonds	6,56,743	7,36,542
Less: Provision for Impairment	(4,31,454)	(7,03,125)
- Debentures / Bonds (Net of Impairment)	2,25,289	33,417
Total (B)	1,48,28,196	1,04,98,954
Total (A) + (B)	9,89,90,957	8,34,99,757

Notes:

- (1) All investments are performing investments except investments referred in Note 7 of Schedule 16 and are in India.
- (2) There are no contracts in relation to investments for purchases where deliveries are pending or for sales where payments are overdue except as disclosed in the Financial Statements.
- (3) Fair Value of Investment Property has been done by independent valuer
- (4) Details of Cost and Market Value (₹'000): The cost given in the Note below is excluding the provisions considered for stressed assets.

(₹ '000)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Cost	Market Value	Cost	Market Value
a) Equity Shares listed	7,41,953	9,27,447	10,35,441	7,18,831
b) Mutual Funds	12,66,283	12,66,828	7,90,990	7,91,006
c) Government and Other Securities	6,85,80,810	6,89,83,740	5,80,85,655	5,90,15,246
d) Fixed Deposit with Banks	76,71,180	76,71,180	20,71,935	20,71,935
e) Corporate Bonds	2,35,30,604	2,00,31,900	2,30,30,234	2,01,03,595
f) Investments Property - REIT	18,656	15,143	-	-
g) Investment Properties - Real Estate	2,57,983	2,22,854	2,65,121	2,29,019
h) Investment in AIF	1,03,916	1,03,916	1,22,430	1,22,430
Total	10,21,71,387	9,92,23,008	8,54,01,806	8,30,52,063

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 9 - LOANS		(₹ '000)	
Particulars	As at March 31, 2021	As at March 31, 2020	
1. Security-wise Classification			
Secured			
(a) On Mortgage of Property	-	-	
(b) On Shares, Bonds, Govt. Securities	-	-	
(c) Others	-	-	
Unsecured	-	-	
Total	-	-	
2. Borrower-wise Classification			
(a) Central and State Governments	-	-	
(b) Banks and Financial Institutions	-	-	
(c) Subsidiaries	-	-	
(d) Industrial Undertakings	-	-	
(e) Others	-	-	
Total	-	-	
3. Performance-wise Classification			
(a) Loans Classified as Standard	-	-	
(b) Non-performing Loans Less Provisions	-	-	
Total	-	-	
4. Maturity-wise Classification			
(a) Short-Term	-	-	
(b) Long-Term	-	-	
Total	-	-	

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 10 - FIXED ASSETS

(₹ '000)

Particulars	Cost/ Gross Block			Depreciation/Amortisation				Net Block		
	As at April 1, 2020	Additions	Deductions	As at March 31, 2021	As at April 1, 2020	For The Year	On Sales / Adjustments	Up to March 31, 2021	As at March 31, 2021	As at March 31, 2020
Land (Undivided Share)	58,032	686	-	58,718	-	-	-	-	58,718	58,032
Buildings	3,66,981	5,476	-	3,72,457	51,463	6,169	-	57,632	3,14,825	3,15,518
Furniture and Fittings	58,781	2,338	1,671	59,448	53,116	3,342	1,652	54,806	4,642	5,665
Information Technology Equipment	5,20,254	45,733	5,072	5,60,915	4,39,903	48,499	4,989	4,83,413	77,502	80,352
Computer Software (Intangibles)	9,67,968	1,57,552	-	11,25,520	7,98,701	1,28,934	-	9,27,635	1,97,885	1,69,267
Vehicles	38,986	8,004	10,653	36,337	18,724	8,807	8,769	18,762	17,575	20,262
Office Equipment	41,013	426	214	41,225	32,693	3,660	176	36,177	5,048	8,320
Electrical Fittings	59,082	2,192	1,075	60,199	48,785	4,198	1,035	51,948	8,251	10,296
Improvement to Premises	1,71,611	2,398	2,261	1,71,748	1,34,583	13,826	2,163	1,46,246	25,502	37,028
Total	22,82,708	2,24,805	20,946	24,86,567	15,77,968	2,17,435	18,784	17,76,619	7,09,948	7,04,740
Capital Work in Progress (including Capital Advances) (Refer Note 8 (i) of Schedule 16)	-	-	-	-	-	-	-	-	16,774	18,874
Grand Total	22,82,708	2,24,805	20,946	24,86,567	15,77,968	2,17,435	18,784	17,76,619	7,26,722	
Previous year	20,54,102	2,65,926	37,321	22,82,707	13,83,212	2,31,182	36,427	15,77,967		7,23,614

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 11 - CASH AND BANK BALANCES (₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash (including Cheques, Drafts and Stamps)	64,535	83,097
Bank Balances on Current Accounts (with Scheduled Banks)	2,36,079	2,89,135
Money at Call and Short Notice	-	-
Others (incl. Bank Deposits under Lien - Note 9 (i) of schedule 16)	36,444	43,037
Total	3,37,058	4,15,269
Cash Balance includes:		
Drafts/Cheques on Hand		
Remittances in transit	61,404	77,382

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 12 - ADVANCES AND OTHER ASSETS

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
Advances		
1. Reserve Deposits with Ceding Companies	-	-
2. Application Money for Investments	-	-
3. Prepayments	32,89,729	32,12,050
4. Advances to Directors / Officers	-	-
5. Advance Tax Paid and Taxes Deducted at Source (Net of Provision for Taxation of ₹ 8,539,184 thousands) (Previous year ₹ 7,209,184 thousands)	16,79,107	17,04,905
6. Others;		
Advances to Employees	385	1,117
Advances to Vendors	5,841	5,366
GST/ST Unutilised Credit / paid in advance	5,12,910	3,78,447
Service tax paid under protest (Note 6 of Schedule 16)	57,912	57,912
Other Advances / Deposits	5,87,715	8,40,534
Total (A)	61,33,599	62,00,331
Other Assets		
1. Income Accrued on Investments	22,60,599	21,52,471
2. Outstanding Premium including GST/Service Tax, if any (includes ₹ 331,175 thousands (Previous year ₹ 589,273 thousands) from Central & State Governments under Rashtriya Swasthya Bima Yojana Scheme and Weather Based Crop Insurance Scheme)	5,41,503	9,50,977
3. Agents' Balances	-	-
4. Foreign Agencies Balances	-	-
5. Due from Other Entities Carrying on Insurance Business (Refer Note 19 of Schedule 16)	6,30,329	5,02,297
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	-	4,94,655
Receivable from IMTPIP Members	-	-
Receivable from Terrorism Pool (including investment income)	16,01,547	14,25,634
Less: Provision for doubtful debts (Refer Note 7 of Schedule 16)	-	-
Net Receivable from Terrorism Pool	16,01,547	14,25,634
Unclaimed Amount of Policyholders' Deposits (Refer Note 23 of Schedule 16)	48,300	22,800
Add: Interest income on unclaimed Amount of Policyholders' Deposit	10,200	-
	58,500	22,800
Receivable from Nuclear Pool (including investment income)	51,181	40,468
Deposits for Premises and Advance Rent	1,67,129	1,04,323
Total (B)	53,10,788	56,93,625
Total (A + B)	1,14,44,387	1,18,93,956

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 13 - CURRENT LIABILITIES

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Agents' Balances	2,43,064	1,59,870
2. Balances Due to Other Insurance Companies (Refer Note 19 of Schedule 16)	14,11,649	8,50,741
3. Deposits Held on Reinsurance Ceded	20,89,348	15,34,845
4. Premiums Received in Advance / Deposits Received	89,15,117	66,91,722
5. Unallocated Premium	11,48,085	17,94,475
6. Sundry Creditors		
- Dues to Micro, Small & Medium Enterprises (Refer Note 25 of schedule 16)	356	3,124
- Dues to Others	4,09,409	2,11,237
7. Due to Subsidiaries / Holding Company	-	-
8. Claims Outstanding (including the estimates of IBNR & IBNER)	6,46,30,144	5,34,80,159
9. Due to Officers / Directors	-	-
10. Others;		
Book Overdraft	678	1,83,050
Tax and Other Withholdings	1,07,238	1,10,161
Environment Relief Fund	175	71
Provision for Expenses	12,04,221	6,29,697
Other Liabilities	22,212	28,521
GST Payable	6,58,654	4,63,493
Unclaimed Amounts of Policyholders (Refer Note 23 of Schedule 16)	47,328	22,669
Add: Interest Income on Unclaimed Amount of Policyholders	10,200	-
	57,528	22,669
11. Interest Accrued but not due on Borrowings	30,445	30,566
Total	8,09,28,323	6,61,94,401

SCHEDULE 14 - PROVISIONS

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Provision for Unexpired Risk	2,36,09,713	2,20,58,221
2. For Taxation	-	-
3. For Proposed Dividends	-	-
4. For Dividend Distribution Tax	-	-
5. Other Provisions		
Premium Deficiency	-	-
Leave and other Employee Benefits (Refer Note 14 of Schedule 16)	4,38,954	4,25,825
Total	2,40,48,667	2,24,84,046

SCHEDULE 15 - MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Discount Allowed in Issue of Shares / Debentures	-	-
2. Others	-	-
Total	-	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 16 - NOTES TO FINANCIAL STATEMENTS

1. BACKGROUND INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

i. Basis of Preparation of Financial Statements

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

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

ii. Revenue Recognition

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

b. Reserve for Unexpired Risks:

I. Direct Business:

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

II. Inward Business from Pooling Arrangements:

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

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

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

iii. Reinsurance Ceded and Commission Received

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

iv. Acquisition Cost

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

v. Claims and Premium Deficiency

- a. Claims incurred (net) include specific settlement costs comprising survey, legal and other directly attributable expenses and are net of salvage value and other recoveries, if any.
- b. Estimated liability for outstanding claims in respect of direct business is provided based on claims reported after adjusting claims recoverable from reinsurers/co-insurers, and includes provision for solatium fund.
- c. The estimated liability for claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) has been estimated by the Appointed Actuary in compliance with guidelines issued by IRDA vide Circular No. 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2006, IBNR Manual dated May 22, 2008 and applicable provisions of the Actuarial Practice Standard 21 issued by the Institute of Actuaries in India. The Appointed Actuary has used alternative methods for each product category as considered appropriate, depending upon the availability of past data as well as appropriateness of the different methods to the different Lines of Businesses.
- d. In respect of incoming co-insurance, claims are accounted based on intimations received from co-insurers.
- e. Premium deficiency, if any, is calculated based on actuarial valuation duly certified by the Appointed Actuary.

vi. Allocation of Operating Expenses

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

vii. Investments

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

listed equity shares and mutual fund investments are taken to the "Fair Value Change Account". The credit balance, if any, in the fair value change account is not available for distribution, pending realisation.

f. Impairment:

The Company assesses at each reporting date, whether any impairment by way of diminution, other than temporary in value of its investments has occurred. Such a diminution, if any, is recognised as an expense in Profit and Loss Account.

g. Segregation of invested assets is done by notionally allocating the closing Technical Reserves (Aggregate of Net Claims Outstanding and Reserve for Unexpired Risk and other related items) to Policyholders' Funds with the balance being reflected as Shareholders' Funds.

h. Investment income where directly identifiable with a specific business segment is credited to the business segment and in all other cases is allocated to the respective Revenue Account and the Profit and Loss Account based on the ratio of "Technical Funds" and "Shareholders Funds", respectively.

viii. Employee Benefits

a. Liability for gratuity to employees which is a defined benefit plan is determined on the basis of actuarial valuation using Projected Unit Credit Method as on the Balance Sheet date. This liability is funded through a Gratuity Fund administered by trustees and managed by Life Insurance Corporation of India and the contribution there of paid/ payable is absorbed in the Financial Statements.

b. Liability for short-term compensated absences is recognized based on the eligible leave to the credit of the employees as at the balance sheet date on undiscounted basis. Liability for long term compensated absences is determined on the basis of actuarial valuation using Projected Unit Credit Method as on the Balance Sheet date.

c. Fixed contributions to Provident Fund, Family Pension Fund and Superannuation Fund which are defined contribution plans and Cost of other benefits are recognised in the Financial Statements on actual cost to the Company.

ix. Fixed / Intangible Assets and Depreciation / Amortisation

a. Fixed Assets / Intangible Assets are stated at cost less accumulated depreciation / amortisation.

b. Depreciation on fixed assets is provided on straight line method over the useful life of assets and in the manner as prescribed under part C of Schedule II of the Companies Act, 2013, except for the assets which are depreciated at a higher rate based on their estimated useful life as under:

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

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

c. Assets individually costing ₹5,000 or less are fully depreciated in the year of purchase.

d. The carrying amounts of assets are reviewed at each balance sheet date to ascertain if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use.

e. Computer software (Intangible assets) includes cost of application software which is amortized over a period of 3 years. Cost of other software is fully amortized in the year of purchase.

x. Operating Leases

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

xi. Borrowing cost

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

xii. Provisions, Contingent Liabilities & Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation because of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statement

xiii. Foreign Currency Transactions

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

xiv. Taxation

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

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 realised. Deferred tax assets are reviewed as at each balance sheet date.

3. TERRORISM POOL

i. Premium received from customers on account of Terrorism cover has been ceded to General Insurance Corporation of India (GIC) Terrorism Pool Account. The Company's share in the Terrorism Pool Account with GIC, based on the statements of account received during the current year for the period up to December 31, 2020, 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 up to March 31, 2021) - 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, 2021, to March 31, 2021, will be accounted on receipt of the relevant statements of account from GIC.

4. INDIA NUCLEAR INSURANCE POOL (NUCLEAR POOL)

- i. Premium received from customers towards Nuclear Policies has been ceded to General Insurance Corporation of India (GIC) - Nuclear Pool. The Company's share in the Nuclear Pool Account with GIC, based on the statements of account received during the current year for the period up to September 30, 2020, has been accounted under the respective heads as follows:
- Premium Inwards - Premium on Reinsurance Accepted
 - Claims - under Claims Paid and Claims Outstanding
 - Management Expenses - under Operating Expenses Related to Insurance Business
 - Investment Income - under Interest and Dividends in the Revenue Accounts
- The resultant surplus / deficit is reflected as RI Receivable / Payable on Nuclear Pool.
- ii. The Company's share in the Nuclear Pool Account with GIC for the period October 1, 2020, to March 31, 2021, will be accounted on receipt of the relevant statements of account from GIC.

5. BORROWINGS

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

The Company has been creating Debenture Redemption Reserve (DRR) on a straight-line basis. Pursuant to amendment vide Ministry of Corporate Affairs notification No. G.S.R. 574 (E) dated August 16, 2019 of Companies (Share Capital and Debentures) Rules, 2014 the Company is not required to create any additional DRR. Accordingly, the Company continues to hold the existing DRR of ₹2,000 thousands as at March 31, 2021.

6. CONTINGENT LIABILITIES

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
Party paid investments	Nil	Nil
Outstanding underwriting commitments	Nil	Nil
Claims, under policies, not acknowledged as debts - in respect of disputed claim under a fire policy	Nil	Nil
Claims, other than those under policies, not acknowledged as debts		
Contested liabilities not provided for in respect for 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)	1,025,723	983,693
(ii) In respect of disallowance of expenses related to Motor dealer payments (Note (b) below)	625,707	625,706
(iii) Others including UPR disallowance on IMTPIP, IBNR disallowance	3,301,981	2,177,853
Total	4,953,411	3,787,252
II) Service Tax Matters		
(i) Claim for remittance of Service Tax Under "reverse charge" method for Business Auxiliary Services (Note (c) below)	142,778	258,768
(ii) Disallowance of Input Credit on payments to Motor Dealers (Note (d) Below)	-	342,082
(iii) Others (including appeals against levy of penalty only and reversal of credit on certain Input services)	15,983	29,043
Total	158,761	629,893

Income Tax Appeals: The contested Income Tax liabilities have been ascertained taking into consideration the orders of Madras High Court and Income Tax Appellate Tribunal and relief allowed by Commissioner of Income Tax (Appeals) and the principles adopted in the orders of the CIT (A) on similar disputed issues in the earlier assessment years. Pending disposal of the appeals, the amounts so far remitted including disputed tax by the Company / adjusted by the Income Tax Department stands at ₹5,601,974 thousands (Previous Year – ₹4,329,121 thousands) for all the assessment years in respect of the above disallowances.

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

7. NOTE ON STRESSED INVESTMENT ASSETS

The Company had invested in debt securities of certain companies aggregating ₹4,471,439 thousands as at March 31, 2021, which have defaulted repayment of principal and payment of interest to the Company in certain securities/downgraded to default category. These investments are classified as Non-Performing Assets as per Companies Impairment Policy which is in line with Prudential Norms for Income Recognition, Asset Classification, Provisioning and other Related Matters in respect of debt portfolio issued by IRDAI. Accordingly, cumulative provision for diminution in value of investments of ₹899,987 thousands and write off of investments of ₹2,856,880 thousands has been accounted as at March 31, 2021, resulting in the carrying value of these investments at ₹714,571 thousands as at March 31, 2021. This includes write off of ₹1,859,538 thousands accounted in the profit and loss account during the year and reversal of opening provision for diminution in value of investments of ₹823,867 thousands during the year pursuant to write off of related investments.

8. COMMITMENTS

- i. Commitments made and outstanding for fixed assets are ₹144,647 thousands (Net of Capital advance paid – ₹16,774 thousands) (Previous Year – ₹39,685 thousands) (Net of Capital advance paid – ₹18,874 thousands).
- ii. Bank guarantees provided to customers / service providers towards performance commitments – ₹4,655 thousands (Previous Year – ₹4,655 thousands).
- iii. Commitments made and outstanding in respect of investments - NIL thousands (Previous Year- NIL)

9. ENCUMBRANCES

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

- i. Deposits under lien to banks amounting to ₹6,344 thousands (Previous Year – ₹6,037 thousands)
- ii. Garnishee orders by Motor Accident Claims Tribunal (MACT) on bank balances amounting to ₹262 thousands (Previous Year – ₹6,378 thousands) in respect of Motor Third Party Claims. These amounts duly provided for are included in the Outstanding Claims.

10. PROVISION FOR FREE LOOK PERIOD

Pursuant to the Circular No. CIR/41/IRDA/Health/SN/09-10/32 dated September 2, 2009, the Company has made a provision for Free Look Period amounting to ₹868 thousands (previous year - 568 thousands).

11. CLAIMS

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
Claims, less, reinsurance, paid to claimants:		
- In India	12,048,219	14,602,282
- Outside India	-	-
Ageing of claims (Gross) - including third party motor claims and reported IMTPIP claims:		
- Outstanding for more than six months	19,851,340	17,320,423
- Other Claims	5,822,694	5,482,804
Claims settled and remaining unpaid for more than six months	Nil	Nil

Claims where the claim payment period exceeds four years:

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

12. PREMIUM RETENTION & REINSURANCE

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

(₹ '000)

Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
	Amount of Business Written (Direct)	% of Business Written (Direct)	Amount of Business Written (Direct)	% of Business Written (Direct)
Risk Retained	33,472,494	76.28	33,977,988	77.25
Risk Reinsured	10,409,589	23.72	10,006,945	22.75
Total	43,882,083	100.00	43,984,933	100.00

The above includes Excess of Loss reinsurance premium of ₹323,484 thousands (Previous Year ₹363,215 thousands)

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

13. SECTOR-WISE BUSINESS

(₹ '000)

Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
	Amount of Business Written (Direct)	% of Business Written (Direct)	Amount of Business Written (Direct)	% of Business Written (Direct)
Rural Sector	10,972,063	25.00	12,901,456	29.33
Other Business	32,910,020	75.00	31,083,477	70.67
Total	43,882,083	100.00	43,984,933	100.00
Social Sector (No. of Lives)	1,299,755	-	5,943,516	-
Rural & Social Sector (No. of Policies)	1,510,101	-	1,667,515	-

14. EMPLOYEE BENEFITS

i. Defined Contribution Plan:

(₹ '000)

Expenses on Defined Contribution Plan	Year Ended March 31, 2021	Year Ended March 31, 2020
Contribution to Staff Provident Fund / Family Pension Fund	56,306	51,891
Contribution to Superannuation Fund	59,321	54,384
Total	115,627	106,276

ii. Defined Benefit Plan

The liability in respect of the gratuity plan for employees which is a defined benefit obligation is determined by the Company based on actuarial valuation and the same is funded by the Life Insurance Corporation of India (LIC). The following table sets out the status of the gratuity plan as at March 31, 2021 as required under Accounting Standard 15 (Revised) – Employee Benefits.

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

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
Obligations at beginning of the year	135,081	118,861
Service Cost	16,399	13,760
Interest Cost	8,228	8,725
Actuarial (Gain) / Loss	1,864	2,382
Benefits Paid	13,012	8,648
Obligations at the end of the year	148,560	135,081
Change in Plan Assets		
Plan assets at fair value at beginning of the year	115,846	95,278
Expected return on plan assets	9,052	6,803
Actuarial (Gain) / Loss	4,216	1,171
Contributions	19,720	23,583
Benefits Paid	13,012	8,648
Plan assets at fair value at end of the year	127,390	115,846

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

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
Fair value of plan assets at the end of the year	127,390	115,846
Present value of defined benefit obligations at the end of the year	148,560	135,081
Asset / (Liability)*	(21,170)	(19,235)
*Recognised as (Liability) / Asset in Balance Sheet respectively		
Gratuity Cost for the year		
Service Cost	16,399	13,760
Interest Cost	8,228	8,725
Expected return on plan assets	9,052	6,803
Actuarial (Gain) / Loss	6,080	3,553
Net Gratuity Cost	21,655	19,235
Assumptions		
Interest Rate	6.13%	6.27%
Estimated Rate of return on plan assets	7.34%	7.77%
Salary Escalation Rate	7.00%	7.00%
Attrition Rate	15%	15%

Other Disclosures:

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Present value of defined benefit obligation	148,560	135,081	118,861	103,447	66,934
Fair value of plan assets	127,390	115,846	95,278	58,735	50,910
Surplus / (Deficit)	(21,170)	(19,235)	(23,583)	(44,712)	(16,024)

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 2021-22 amounts to ₹21,170 thousands (Previous year – 19,235 thousands).

15. SEGMENTAL REPORTING

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

Segmental breakup of the Balance Sheet as at March 31, 2021

(₹ '000)

Particulars	Fire	Marine	Miscellaneous	Unallocated	Total
Claims Outstanding	468,243	100,467	64,061,434	-	64,630,144
	(286,848)	(64,987)	(53,128,251)	-	(53,480,086)
Reserve for Unexpired Risk	4,360,235	117,084	19,132,394	-	23,609,712
	(3,739,041)	(77,538)	(18,241,642)	-	(22,058,221)
Investments	3,609,133	253,877	95,127,946	11,614,098	110,605,054
	(3,185,284)	(210,925)	(80,875,537)	(6,512,902)	(90,784,648)

(Previous year's figures are in brackets)

16. OPERATING LEASES

The Company has entered into various operating lease agreements for office space, residential accommodation and information technology / infrastructure / office equipment. These leases are generally for a period of 5 years with an option to renew and escalation in rent once in three years. The lease rentals recognized in the Revenue Account during the year is ₹130,282 thousands (previous year ₹190,696 thousands)

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
Minimum lease payments		
- Not later than one year	312,496	186,846
- Later than one year but not later than five years	539,659	445,067
- Later than five years	99,103	61,579

17. EARNINGS PER SHARE

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Profit After Tax (₹' 000)	2,816,719	1,494,400
Weighted Average Number of Equity Shares	298,805,700	298,805,700
Earnings per Share		
- Basic and Diluted (₹)	9.43	5.00
Face Value per Share (₹)	10.00	10.00

18. DEFERRED TAX ASSETS / (LIABILITIES) (NET)

The components of deferred tax are as under:

(₹ '000)			
Particulars	As at March 31, 2020	Movement During the year	As at March 31, 2021
Deferred Tax Assets / (Liabilities) Arising On			
Provision for compensated absences	40,441	2,599	43,040
Provision for diminution in investments - Equity	14,442	2,315	16,757
Provision for diminution in investments - Debt Instruments	433,860	(207,243)	226,617
Unexpired Risk Reserve - Rule 6E Differences	1,120,468	566,953	1,687,421
Written down value of Fixed & Intangible Assets	(7,454)	12,258	4,804
Deferred Tax Assets (Net)	1,601,757	376,882	1,978,639

19. CONFIRMATION OF BALANCES

- a) **Co-insurance transactions:** For balances of amount due to / due from other entities carrying on insurance business towards co-insurance transactions, the Company has sent request for balance confirmations to all co-insurers. Most of the co-insurers have responded with their confirmation or balance payable / receivable status. Wherever, the balances do not agree with the balance as per the Company, statement reconciling the transactions have been prepared. The aggregate value of unreconciled items amounts to ₹7,975 thousands (net), which in the opinion of the Management, are not material.
- b) **Reinsurance transactions:** For balances of amount due to / from other entities carrying on insurance business towards co-insurance transactions, the Company has sent confirmation request to sample reinsurers for the balance as at December 2020. Most of the reinsurers had responded with their confirmation or balance payable / receivable status. Wherever, the balances do not agree with the balance as per the Company, the statement reconciling the transactions have been prepared.

20. In accordance with Circular No. IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013, and as certified by the Appointed Actuary, there is no premium deficiency at a segment level in respect of fire, marine and miscellaneous segments during the year ended March 31, 2021 (Previous Year NIL)

21. RELATED PARTY DISCLOSURE**(A) List of Related Parties (Pursuant to Accounting Standard 18)**

- Holding Company: Cholamandalam Financial Holdings Limited (Previously known as TI Financial Holdings Limited)
- Fellow Subsidiaries: Cholamandalam Health Insurance Limited (Company applied for striking off on December 30, 2020).
- Company under Common control: Cholamandalam MS Risk Services Limited
- Company holding substantial interest in voting rights: Mitsui Sumitomo Insurance Company Limited
- Key Management Personnel (KMP):
 - Managing Director - Mr. S S Gopalarathnam (up to June 30, 2020)
 - Managing Director - Mr. V Suryanarayanan (wef July 1, 2020)
 - Wholtime Director - Mr. Takashi Kishi
 - Chief Financial Officer - Mr. S. Venugopalan
 - Company Secretary - Mr. Suresh Krishnan

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

(₹ '000)

Transaction	Related Party	Year Ended March 31, 2021	Year Ended March 31, 2020
Rent Recovery	Mitsui Sumitomo Insurance Company Limited	13,659	15,057
	Cholamandalam MS Risk Services Limited	2,150	3,008
Fees Incurred for Risk Inspection and Advisory Services	Cholamandalam MS Risk Services Limited	15,965	23,758
Premium Income	Cholamandalam MS Risk Services Limited	394	371
	Key Managerial Personnel	19	17
Net Incurred Claims	Cholamandalam MS Risk Services Limited	452	354
	Key Managerial Personnel	10	4
Gross Incurred Claims	Cholamandalam MS Risk Services Limited	475	374
	Key Managerial Personnel	11	6
Reinsurance Ceded	Mitsui Sumitomo Insurance Company Limited	546,945	589,449
Reinsurance Commission Received	Mitsui Sumitomo Insurance Company Limited	129,056	105,504
Reinsurance Recovery on Claims	Mitsui Sumitomo Insurance Company Limited	335,025	401,322
Management Expenses, Sitting Fees, Secondment Charges and Technical Fees	Mitsui Sumitomo Insurance Company Limited	13,479	13,805
	Cholamandalam MS Risk Services Limited	925	6,252
	Cholamandalam Financial Holdings Limited	79,540	80,587
Management Expenses Recovered	Mitsui Sumitomo Insurance Company Limited	7,476	4,577
	Cholamandalam MS Risk Services Limited	-	16
Remuneration to KMP	Managing Director (up to June 30, 2020)	40,733	42,871
Remuneration to KMP	Managing Director (since July 1, 2020)	11,572	-
Remuneration to KMP	Chief Financial Officer	13,449	11,106
Remuneration to KMP	Company Secretary	9,389	8,120
Sale of phone, car and iPad	Managing Director (up to June 30, 2020)	682	-
Advance Given	Mitsui Sumitomo Insurance Company Limited	43,401	5,560
Advance Repaid	Mitsui Sumitomo Insurance Company Limited	(43,401)	5,560

Net Amounts Receivable / (Due)

(₹ '000)

Transaction	Related Party	Year Ended March 31, 2021	Year Ended March 31, 2020
Premium Received in Advance	Cholamandalam MS Risk Services Limited	5	15
Unallocated Premium	Cholamandalam MS Risk Services Limited	-	21
Provision Outstanding	Cholamandalam Financial Holdings Limited	-	-
	Mitsui Sumitomo Insurance Company Limited	12,054	11,472
Receivable / (Payable) (Net)- Due from other entities carrying on insurance business	Mitsui Sumitomo Insurance Company Limited	17,033	116,065
Receivable (Net) – Management expenses and rent	Cholamandalam Health Insurance Limited	-	2
	Cholamandalam MS Risk Services Limited	625	258
	Mitsui Sumitomo Insurance Company Limited	411	2,201

22. DIRECTORS' REMUNERATION**i. Remuneration to Managing Director**

(₹ '000)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Salaries and Allowances*	48,568	39,051
Contribution to Provident and Other Funds*	2,615	3,746
Perquisites	1,121	74
Total**	52,305	42,871

**Up to June 30, 2020 - SS Gopalarathnam; Since July 1, 2020 - V Suryanarayanan

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

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

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

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

iii. Remuneration to Non-Executive Directors

(₹ '000)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Commission	6,000	5,489
Sitting Fees	4,810	2,460

23. As per IRDA Master Circular on Unclaimed Amount of Policyholders dated July 25, 2017, the statement showing the age-wise analysis of the unclaimed amounts of the policyholders as at March 31, 2021, is given below:

(₹ '000)

Particulars	Total Amount	0-6 Months	7-12 Months	13-18 Months	19-24 Months	25-30 Months	31-36 Months	36-120 Months
Claims settled but not paid to the policyholders / insured due to any reasons except under litigation from the insured / policyholders	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
Sum due to the insured / policyholder on maturity or otherwise	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
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	27,579 (7,989)	0 (0)	4,838 (3,600)	8,975 (2,114)	6,850 (1,632)	3,848 (236)	1,472 (133)	1,595 (274)
Cheques issued but not encashed by the policyholder / insured	19,749 (13,041)	0 (0)	5,311 (2,771)	4,327 (4,680)	1,576 (5,356)	4,152 (191)	4,156 (14)	224 (29)
Total	47,328 (21,030)	0 (0)	10,149 (6,371)	13,303 (6,794)	8,426 (6,988)	8,000 (427)	5,629 (147)	1,819 (303)

Note: The above disclosure does not include interest accrued for unclaimed amount of policyholders aggregating to ₹10,200 thousands (previous year – ₹1,698 thousands).

Details of Unclaimed Amount and Investment Income

(₹ '000)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Policy Dues	Interest Accrued	Policy Dues	Interest Accrued
Opening Balance	21,030	1,770	75,000	
Add: Amount transferred to Unclaimed Fund	64,081	-	-	
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (Stale)	-	-	-	
Add: Investment Income on Unclaimed Fund	-	8,436	3,688	
Less: Amount of claims paid during the year	37,753	-	55,747	
Less: Amount transferred to SCWF	31	6	142	
Closing Balance of Unclaimed Amount Fund	47,328	10,200	22,800	

24. DETAILS OF OUTSOURCING, BUSINESS DEVELOPMENT AND MARKETING EXPENSES

(₹ '000)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Outsourcing Expenses	2,551,982	1,210,345
Business Development Expenses	2,318,631	1,981,978
Marketing Expenses	3,455,316	4,409,186
Total	8,325,929	7,601,509

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

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
Principal amount due to suppliers under MSMED Act	356	3,124
Interest accrued and due to suppliers under MSMED Act, on the above amount	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-

26. CORPORATE SOCIAL RESPONSIBILITY

i. Gross Amount required to be spent by the Company during the year is ₹58,420 thousands (Previous year – ₹57,325 thousands)

ii. Activity wise amount paid:

(₹ '000)

Sl. No	Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
1.	Education	28,992	34,965
2.	Art and Culture & Sports	-	1,751
3.	Health Care	19,107	12,918
4.	Environmental Sustainability	-	1,000
5.	Hunger Eradication	-	57
6.	Senior Citizen Health Care	-	980
7.	Rural Development Project	-	2,171
8.	Disaster Relief Fund	1,937	848
9.	Women Empowerment	-	520
10.	CSR Corpus Fund	7,800	-
11.	CSR Expenses	640	2,260
	Total	58,475	57,470

Out of the above, the Company had spent ₹18,343 thousands which has not been utilised by the implementing agencies as at March 31, 2021. The above amount has been deposited into separate bank account on April 23, 2021, in accordance with Sec. 135 of the Companies Act, 2013.

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

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

(₹ '000)

Sl. No	Authority	Non-Compliance/ Violation	Penalty awarded	Penalty paid	Penalty waived/ reduced
1.	Insurance Regulatory & Development Authority	Violations of provisions of the Guidelines on Motor Insurance Service Provider (MISPG) issued by IRDA (Refer note below)	10,000 (Nil)	Nil (Nil)	Nil (Nil)
		Non Compliances of IRDA regulations as per IRDA Investigations carried out	Nil (10,100)	Nil (10,100)	Nil (Nil)
		Non compliances of Corporate Governance for insurers in India with respect to administration of funds	Nil (10,000)	Nil (10,000)	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)

Previous year's figures are in brackets

Note: Penalty levied by IRDA is paid on April 19, 2021.

- 29.** In light of the COVID-19 outbreak and the information available up to the date of approval of these financial statements, the Company has assessed the impact of COVID-19 on its operations, and its financial statements. The assessment includes but not limited to valuation of policy related liabilities and solvency position of the Company as at March 31, 2021. The Company continues to closely monitor the implications of the second wave on its operations and financial statements, which are dependent on emerging uncertain developments.

30. DISCLOSURE ON OTHER WORK GIVEN TO AUDITORS

Pursuant to Corporate Governance guidelines issued by IRDAI dated May 18, 2016, the additional works other than Statutory Audit given to the auditors are detailed below:

Name of the Audit firm	Services rendered	March 31, 2021	March 31, 2020
R. G. N Price & Co	Limited Review	270	270
R. G. N Price & Co	Other services	909	1,043
Sharp & Tannan	Limited Review	270	270
Sharp & Tannan	Other services	1007	637

31. 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)

Sl. No.	Sch	Particulars	Previous year figures reported in current year	Reported in previous year(s)	Difference	Reasons
1	4	Marketing Expenses	3,829,546	4,409,186	(579,640)	Manpower cost (outsourcing) for marketing activities now regrouped to Outsourcing expenses.
2	4	Outsourcing Expenses	1,789,985	1,210,345	579,640	
3	13	Balances Due to Other Insurance Companies	2,385,586	850,741	(1,534,845)	Deposits held under various reinsurance treaties reclassified to deposits held separately.
4	13	Deposits Held on Reinsurance Ceded	-	1,534,845	1,534,845	

Signature to Schedules 1 to 16

For and on behalf of the Board of Directors

M M Murugappan
Chairman

V Suryanarayanan
Managing Director

Sridharan Rangarajan
Director

Takashi Kishi
Wholetime Director

Place: Chennai
Date : April 27, 2021

Suresh Krishnan
Company Secretary

S Venugopalan
Chief Financial Officer

NOTE 17

SEGMENTAL REPORTING FOR THE YEAR ENDED MARCH 31, 2021

(₹ '000)

Particulars	Year	Fire	Marine			Miscellaneous					
			Cargo	Other than Cargo	Total	Motor	OD	TP	Work men's Compensation	Public / Product Liability	Engineering
Premium from Direct Business Written	2020-21	44,47,107	7,79,636	5,820	7,85,456	3,12,48,820	1,07,23,050	2,05,25,770	76,679	1,03,559	2,91,960
	2019-20	33,99,593	8,96,460	4	8,96,464	3,24,47,730	1,08,85,732	2,15,61,998	80,703	1,00,574	2,97,214
Add: Premium on Reinsurance Accepted	2020-21	93,586	-	-	-	-	-	-	-	10,716	14,394
	2019-20	87,451	-	-	-	-	-	-	-	10,062	17,199
Less: Premium on Reinsurance Ceded	2020-21	26,87,615	4,87,867	5,813	4,93,680	54,02,694	43,38,151	10,64,543	3,834	44,919	1,78,849
	2019-20	20,44,451	6,74,466	-	6,74,466	55,12,647	43,83,050	11,29,597	4,035	50,185	1,88,660
Adjustment for Changes in Reserve for Unexpired Risk	2020-21	6,21,194	39,544	2	39,546	6,84,538	3,72,637	3,11,901	9,591	5,785	-3,965
	2019-20	4,83,536	22,136	-	22,136	-7,33,260	-9,35,126	2,01,866	4,357	-6,187	4,986
Premiums Earned (Net)	2020-21	12,31,884	2,52,225	5	2,52,230	2,51,61,588	60,12,262	1,91,49,326	63,254	63,571	1,31,470
	2019-20	9,59,057	1,99,858	4	1,99,862	2,76,68,343	74,37,808	2,02,30,535	72,311	66,638	1,20,767
Profit / (Loss) on Sale / Redemption of Investments	2020-21	45,223	3,181	-	3,181	11,09,490	1,08,965	10,00,525	988	246	187
	2019-20	62,354	4,116	-	4,116	4,44,037	1,22,424	13,21,613	1,483	558	598
Other Income - Contribution from Shareholders for Excess EoM	2020-21	-	-	-	-	553760	-	-	-	-	-
	2019-20	-	-	-	-	-	-	-	-	-	-
Others	2020-21	3,330	767	-	767	50	50	-	-	6	111
Administrative Charges	2019-20	1,984	789	-	789	52	52	-	-	4	157
Investment Income from Pool (Terrorism / Nuclear)	2020-21	75,999	-	-	-	-	-	-	-	-	16,789
	2019-20	31,474	-	-	-	-	-	-	-	-	3,329
Interest and Dividend – Gross	2020-21	2,13,918	15,047	-	15,047	52,48,229	5,15,440	47,32,789	4,671	1,165	883
	2019-20	2,02,399	13,360	-	13,360	46,88,904	3,97,519	42,91,385	4,815	1,811	1,942
Total Segmental Revenue	2020-21	15,70,354	2,71,220	5	2,71,225	3,20,73,117	66,36,717	2,48,82,640	68,913	64,988	1,49,440
	2019-20	12,57,268	2,18,123	4	2,18,127	3,38,01,336	79,57,803	2,58,43,533	78,609	69,011	1,26,793
Claims Incurred (Net)	2020-21	4,16,580	1,85,439	-	1,85,439	1,86,94,345	34,27,625	1,52,66,720	11,611	8,662	84,944
	2019-20	4,05,523	1,15,180	-	1,15,180	2,29,49,942	46,02,862	1,83,47,080	18,166	1,482	61,211
Direct Commission Paid	2020-21	3,86,814	61,649	-	61,649	21,68,356	19,62,158	2,06,198	7,222	8,018	26,646
	2019-20	3,06,903	54,140	-	54,140	21,64,454	19,68,985	1,95,469	5,046	6,394	27,717
Commission on Reinsurance Accepted	2020-21	2,608	-	-	-	-	-	-	-	-	286
	2019-20	2,770	-	-	-	-	-	-	-	-	332
Commission on Reinsurance Ceded	2020-21	5,81,113	95,688	1,148	96,836	16,76,287	16,30,036	46,251	574	4,440	55,527
	2019-20	4,08,748	99,508	-	99,508	16,78,759	16,45,257	33,502	605	3,596	26,870
Operating Expenses Related to Insurance Business	2020-21	5,33,323	73,937	1	73,938	81,97,479	21,41,859	60,55,620	18,450	15,881	35,026
	2019-20	2,40,779	85,010	-	85,010	78,86,215	20,39,458	58,46,757	15,420	19,721	37,815
Other Expenditure / (Income)	2020-21	-	-	-	-	-	-	-	-	-	-
	2019-20	-	-	-	-	-	-	-	-	-	-
Premium Deficiency	2020-21	-	-	-	-	-	-	-	-	-	-
	2019-20	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenses	2020-21	7,58,212	2,25,337	-1,147	2,24,190	2,73,83,893	59,01,606	2,14,82,287	36,709	28,121	91,375
	2019-20	5,47,227	1,54,822	-	1,54,822	3,13,21,852	69,66,048	2,43,55,804	38,027	24,001	1,00,205
Segmental Profit	2020-21	8,12,142	45,883	1,152	47,035	46,89,224	7,35,111	34,00,353	32,204	36,867	58,065
	2019-20	7,10,041	63,301	4	63,305	24,79,484	9,91,755	14,87,729	40,582	45,011	26,588
Provision For Taxation (Net of MAT Credit)	2020-21	-	-	-	-	-	-	-	-	-	-
	2019-20	-	-	-	-	-	-	-	-	-	-
Net Profit for the Year	2020-21	-	-	-	-	-	-	-	-	-	-
	2019-20	-	-	-	-	-	-	-	-	-	-
Net Incurred Claims / Net Earned Premium (%)	2020-21	33.82%	73.52%	0.00%	73.52%	74.30%	57.01%	79.72%	18.36%	13.63%	64.61%
	2019-20	42.28%	57.63%	0.00%	57.63%	82.95%	61.88%	90.69%	25.12%	2.22%	50.69%

NOTE 17**SEGMENTAL REPORTING FOR THE YEAR ENDED MARCH 31, 2021**

(₹ '000)

Particulars	Year	Miscellaneous						Investment Income / Other Income	Total
		Aviation	Personal Accident	Health	Weather	Others	Total Misc.		
Premium from Direct Business Written	2020-21	-	24,78,931	41,43,659	17,186	2,88,726	3,86,49,520	-	4,38,82,083
	2019-20	-	30,44,525	31,69,867	1,93,620	3,54,643	3,96,88,876	-	4,39,84,933
Add: Premium on Reinsurance Accepted	2020-21	-	-	-	-	1,855	26,965	-	1,20,551
	2019-20	-	-	-	-	-	27,261	-	1,14,712
Less: Premium on Reinsurance Ceded	2020-21	-	7,00,622	8,35,411	14,890	64,267	72,45,486	-	1,04,26,781
	2019-20	-	6,47,009	6,85,524	1,68,631	32,087	72,88,778	-	1,00,07,695
Adjustment for Changes in Reserve for Unexpired Risk	2020-21	-	-1,79,341	4,31,392	-	-57,249	8,90,751	-	15,51,491
	2019-20	-	3,09,100	-2,32,591	-68,680	-61,471	-7,83,746	-	-2,78,074
Premiums Earned (Net)	2020-21	-	19,57,650	28,76,856	2,296	2,83,563	3,05,40,248	-	3,20,24,362
	2019-20	-	20,88,416	27,16,934	93,669	3,84,027	3,32,11,105	-	3,43,70,024
Profit / (Loss) on Sale / Redemption of Investments	2020-21	-	43,131	33,673	748	3,502	11,91,965	1,45,526	13,85,895
	2019-20	-	78,247	36,096	996	8,205	15,70,220	1,42,792	17,79,482
Other Income - Contribution from Shareholders for Excess EoM	2020-21	-	3,14,556	5,91,309	-	5,225	14,64,850	-	14,64,850
	2019-20	-	4,16,707	4,39,863	-	20,025	8,76,595	-	8,76,595
Others	2020-21	-	-	62	-	28	257	-	4,354
Administrative Charges	2019-20	-	1	42	-	10	266	-	3,039
Investment Income from Pool (Terrorism / Nuclear)	2020-21	-	-	-	-	5,590	22,379	-	98,378
	2019-20	-	-	-	-	-	3,329	-	34,803
Interest and Dividend – Gross	2020-21	-	2,04,021	1,59,284	3,536	16,570	56,38,359	6,88,383	65,55,707
	2019-20	-	2,53,986	1,17,168	3,228	26,638	50,98,492	4,63,498	57,77,749
Total Segmental Revenue	2020-21	-	25,19,358	36,61,184	6,580	3,14,478	3,88,58,058	8,33,909	4,15,33,546
	2019-20	-	28,37,357	33,10,103	97,893	4,38,905	4,07,60,007	6,06,290	4,28,41,692
Claims Incurred (Net)	2020-21	-	4,00,813	33,38,590	-25,443	82,736	2,25,96,258	-	2,31,98,277
	2019-20	-	5,86,084	13,68,054	1,29,914	1,37,259	2,52,52,112	-	2,57,72,815
Direct Commission Paid	2020-21	-	3,62,857	4,89,505	-275	42,183	31,04,512	-	35,52,975
	2019-20	-	3,01,690	3,60,643	677	41,576	29,08,197	-	32,69,240
Commission on Reinsurance Accepted	2020-21	-	-	-	-	130	416	-	3,024
	2019-20	-	-	-	-	-	332	-	3,102
Commission on Reinsurance Ceded	2020-21	-	4,80,442	1,41,174	-55,333	26,294	23,29,405	-	30,07,354
	2019-20	-	3,01,082	2,60,367	-21,067	-5,713	22,44,499	-	27,52,755
Operating Expenses Related to Insurance Business	2020-21	-	9,50,942	12,01,326	50,075	71,877	1,05,41,056	-	1,11,48,317
	2019-20	-	11,02,748	10,24,382	29,314	1,11,401	1,02,27,016	-	1,05,52,805
Other Expenditure / (Income)	2020-21	-	-	-	-	-	-	28,90,470	28,90,470
	2019-20	-	-	-	-	-	-	34,50,485	34,50,485
Premium Deficiency	2020-21	-	-	-	-	-	-	-	-
	2019-20	-	-	-	-	-	-	-	-
Total Segmental Expenses	2020-21	-	12,34,170	48,88,247	79,690	1,70,632	3,39,12,837	28,90,470	3,77,85,709
	2019-20	-	16,89,440	24,92,712	1,80,972	2,95,949	3,61,43,158	34,50,485	4,02,95,692
Segmental Profit	2020-21	-	12,85,188	-12,27,063	-73,110	1,43,846	49,45,221	-20,56,561	37,47,837
	2019-20	-	11,47,917	8,17,391	-83,079	1,42,957	46,16,851	-28,44,195	25,46,000
Provision For Taxation (Net of MAT Credit)	2020-21	-	-	-	-	-	-	-	9,31,118
	2019-20	-	-	-	-	-	-	-	10,51,600
Net Profit for the Year	2020-21	-	-	-	-	-	-	-	28,16,719
	2019-20	-	-	-	-	-	-	-	14,94,400
Net Incurred Claims / Net Earned Premium (%)	2020-21	0.00%	20.47%	116.05%	-1108.14%	29.18%	73.99%	-	72.44%
	2019-20	0.00%	28.06%	50.35%	138.69%	35.74%	76.04%	-	74.99%

SUMMARY OF FINANCIAL STATEMENTS

Registration No.123

Date of Registration with the IRDA July 15, 2002

(₹ '000)

Sl. No	Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
OPERATING RESULTS						
1.	Gross Premium Written (Note 1)	4,38,82,083	4,39,84,933	4,42,81,599	4,10,25,679	3,13,32,797
2.	Net Premium Income (Note 2)	3,35,75,853	3,40,91,950	3,35,23,219	3,19,12,633	2,57,00,667
3.	Income from Investments (Net)	72,06,071	69,85,744	48,31,385	43,61,043	36,97,105
4.	Others	14,69,204	8,79,634	1,819	1,842	1,831
5.	Total Income	4,22,51,128	4,19,57,328	3,83,56,423	3,62,75,518	2,93,99,603
6.	Commissions (Note 3)	5,48,645	5,19,587	1,27,235	4,23,291	1,53,090
7.	Operating Expenses (Note 4)	1,11,48,317	1,05,52,805	92,68,816	85,91,622	71,32,603
8.	a) Claims	2,31,98,277	2,57,72,815	2,33,54,995	2,04,83,627	1,63,89,566
	b) Increase in Unexpired Risk Reserve and Other Outgoes	15,51,491	-2,78,074	30,24,277	36,74,217	32,19,955
	c) Premium Deficiency	-	-	-	-	-2,955
9.	Operating Profit / (Loss)	58,04,398	53,90,195	25,81,100	31,02,761	25,07,344
NON-OPERATING RESULT						
10.	Total Income Under Shareholders' Account	-20,56,561	-28,44,195	-75,214	3,63,394	4,63,344
11.	Profit / (Loss) Before Tax	37,47,837	25,46,000	25,05,886	34,66,155	29,70,688
12.	Provision for Tax	9,31,118	10,51,600	7,16,514	10,40,098	8,89,233
13.	Profit / (Loss) After Tax	28,16,719	14,94,400	17,89,372	24,26,057	20,81,455
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	29,88,057	29,88,057	29,88,057	29,88,057	29,88,057
17.	Net Worth	1,88,45,655	1,57,40,797	1,45,34,536	1,29,61,299	1,07,51,023
18.	Total Assets (Note 6)	12,50,91,861	10,54,19,245	9,09,43,099	6,57,12,218	5,07,03,470
19.	Yield on Total Investments	6.30%	9.05%	7.92%	8.90%	10.03%
20.	Incurred Claims Ratio (NIC/ NEP)	72.44%	74.99%	76.58%	72.54%	72.91%
21.	Commission Ratio (Net Commission / Net written premium)	1.63%	1.52%	0.38%	1.33%	0.60%
22.	Expenses Ratio (Expenses / Gross Direct Premium)	25.41%	23.99%	20.93%	20.94%	22.76%
23.	Earnings per Share (₹)	9.43	5.00	5.99	8.12	6.97
24.	Book Value per Share (₹)	63.07	53.64	48.64	43.38	35.98
25.	Total Dividend	-	-	1,79,283	1,79,283	-
26.	Dividend per Share (₹)	-	-	0.60	1	-
27.	Solvency Margin (Times)	2.08	1.58	1.55	1.61	1.64
28.	Solvency Margin (Times) (Regulatory Requirement)	1.50	1.50	1.50	1.50	1.50

Notes

- 1) Gross Premium Written represents Premium on Direct Business Written.
- 2) Net Premium Income represents Gross Written Premium Net of Reinsurance Accepted & Ceded.
- 3) Commission is net of Commission earned on Reinsurance Ceded.
- 4) Operating expenses are taken net of gains from the sale of fixed assets, if any and excludes exceptional expenditure.
- 5) Pursuant to IRDA Regulations, ₹84,271,746 thousands of the investments representing the Technical Reserves as at March 31, 2020, has been notionally allocated as Policyholders' 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 the IRDA July 15, 2002

Sl. No	Type of Ratio	Method of Computing	2020-21	2019-20
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)	2.33	2.79
3.	Growth Rate of Net Worth	Net Worth as at the current balance sheet date / Net Worth as at the previous balance sheet date	19.72%	8.30%
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	33.50%	31.42%
7.	Expenses of Management to Net Written Premium Ratio (Note 1)	Expenses of management (operating expenses plus direct commission) / Net Written Premium	43.79%	40.54%
8.	Net Incurred Claims to Net Earned Premium	Net Incurred Claims / Net Earned Premium	72.44%	74.99%
9.	Combined Ratio	Claims paid plus expenses of management plus commission / Net Written Premium	107.28%	107.46%
10.	Technical Reserves to Net Premium Ratio	Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims / Net premium	2.95	2.22
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	18.12%	15.68%
13.	Liquid Assets to Liabilities Ratio (Note 3)	Liquid assets of the insurer / policyholders' liabilities	0.19	0.15
14.	Net Earning Ratio	Profit after Tax / Net Premium	8.39%	4.38%
15.	Return on Net Worth	Profit after Tax / Net Worth	14.95%	9.49%
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	2.08	1.58
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.

SEGMENTAL RATIOS

Registration No.123

Date of Registration with the IRDA July 15, 2002

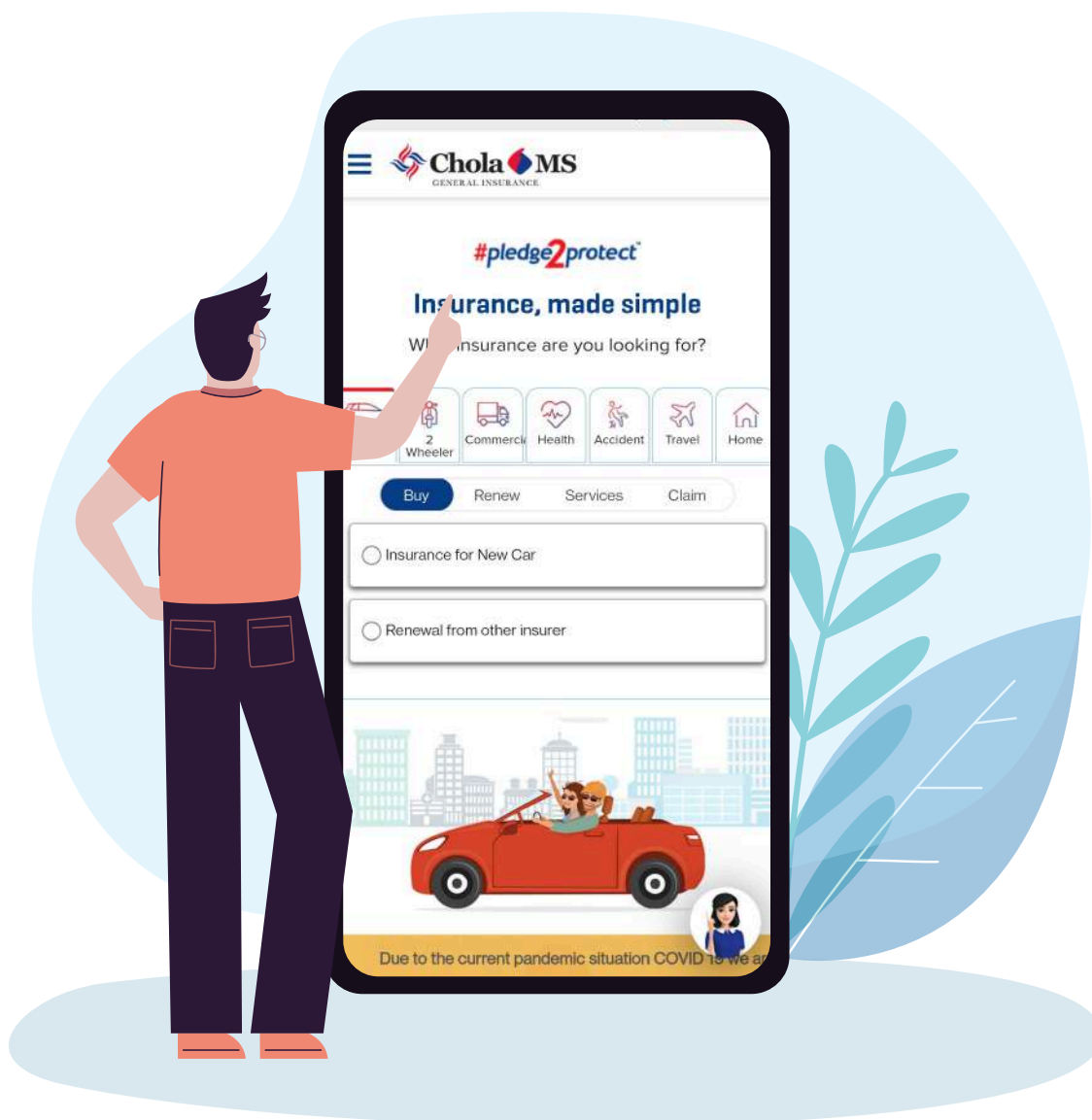
Schedules	Particulars	Year	Fire	Marine			Miscellaneous										Total
				Cargo	Other than Cargo	Total	Motor	Workmen's Compensation	Public / Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Weather	Others	Total Misc.	
Schedule 1	Gross Premium for the Current Year / Gross Premium for the Previous Year	2020-21	30.81%	(13.03)%	145400.00%	(12.38)%	(3.69)%	(4.99)%	2.97%	(1.77)%	-	(18.58)%	30.72%	(91.12)%	(18.59)%	(2.62)%	(0.23)%
		2019-20	28.47%	19.54%	-	19.54%	8.12%	78.69%	4.47%	(16.36)%	-	6.84%	15.81%	(95.57)%	(15.95)%	(2.93)%	(0.67)%
Schedule 2	Net Retention Ratio (Net Written Premium / Gross Premium + RI Acceptance)	2020-21	40.81%	37.42%	0.12%	37.15%	82.71%	95.00%	60.69%	41.62%	-	71.74%	79.84%	13.36%	77.88%	81.27%	76.30%
		2019-20	41.37%	24.76%	100.00%	24.76%	83.01%	95.00%	54.64%	40.00%	-	78.75%	78.37%	12.91%	90.95%	81.65%	77.31%
Schedule 3	Net Commission Ratio (Commission Paid Net of Reinsurance / Net Written Premium)	2020-21	(10.34)%	(11.67)%	(16400.00)%	(12.06)%	1.90%	9.13%	5.16%	(22.43)%	-	(6.61)%	10.53%	2398.00%	7.08%	2.47%	1.63%
		2019-20	(6.87)%	(20.44)%	-	(20.44)%	1.80%	5.79%	4.63%	0.94%	-	0.03%	4.04%	87.01%	14.66%	2.05%	1.52%
Schedule 4	Underwriting Balance Ratio (Underwriting Profit / Net Earned Premium)(Times)	2020-21	0.38	0.11	230.40	0.11	(0.09)	0.42	0.56	0.30	-	0.37	(0.70)	(33.71)	0.40	(0.11)	(0.09)
		2019-20	0.43	0.23	1.00	0.23	(0.13)	0.47	0.64	0.17	-	0.19	0.08	(0.93)	0.23	(0.09)	(0.07)

Note: Ratios in brackets indicate instances where commission earned on insurance ceded exceeded commission paid on Gross Written Premium.

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The Spirit of the Murugappa Group

The light of
INTEGRITY
that gives us the courage to
always do the right thing

The light of
RESPONSIBILITY
that gives us the humility to
think about the world around us

The light of
PAS2ION
that provides us with
the desire to win

The light of
RESPECT
that inspires people
around us to perform

The light of
QUALITY
which makes us
dream of excellence

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



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