



DIGITALLY ROOTED TO GROW

ANNUAL REPORT
2019 - 2020

CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LIMITED

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WHEREVER YOU ARE, WE ARE WITH YOU

In our endeavor to be there in every moment of our customers' needs, we evolved into a digi-smart insurer. Now, firmly entrenched in the digital space, we are just a few clicks away from our customers.

The digital tree represents how deeply rooted we are in technology, and how this has given us the impetus to provide protection swiftly to all our customers. The multitude of branches showcase the organic growth we have in our vision, while the birds signify how easily we are accessible to our customers.



FROM THE CHAIRMAN'S DESK

Dear Shareholder,

The year 2019-20 symbolised the volatile and uncertain environment in which we live today. On one hand, the industry faced risks related to climate changes and on the other hand, new-age risks such as cyber events and data frauds have started emerging - not just to businesses but to consumers as well.

Q4 of the year further witnessed the Covid 19 pandemic leading to the beginning of the lockdown from the last week of March 20. Health and safety of our employees along with continuity of service to our policy holders have remained our top priorities even as we navigate the crisis by adhering to all prescribed safety protocols.

During the year, General Insurance industry grew by 9.5% over the previous year with the private sector companies improving their share to 54% of total industry size. Non-life insurance (excluding Standalone Health & Specialized insurers) industry's Gross Written Premium (GWP) touched Rs.1,642 Billion mark. The long pending Motor Vehicles Amendment bill was approved by Parliament but the chapter relating to Insurance along with Motor Vehicle Rules are awaiting notification. Other positive developments include mandatory minimum pricing for all occupancies in property line of business.

Amidst all these developments, the Company achieved a GWP of Rs. 44 billion for the FY 2019-20 (growth in line with the industry when adjusted for the premium in crop insurance, which the company did not participate in the current year). The Company secured new tie-ups with Banks, HFCs and other channel partners. The Company has been working on digitising the customer's journey across all lines of businesses in making it easy for channels and customers to transact.

With a focus on customer centricity, being exposed to the best of global practices from MSI and adhering to the guiding principles of both Murugappa Group and MSI, have steered us towards making progress in achieving our vision of becoming a reliable and reputed player in the General Insurance Industry.

The Company continues to win the trust and support of our esteemed customers due to our commitment to protect their risks and address their requirements, with utmost diligence. The Company looks forward to serving its customers

and assures them hassle-free services through a gamut of high-quality products and technology-enabled processes.

The slowdown in Indian economy, further accentuated by the Covid 19 outbreak is certain to impact the industry and the Company in 2020-21. It is imperative for the sector to keep evolving, not only in terms of enhancing its service capabilities but also by expanding its bouquet of solutions to be able to effectively address the needs of the customers. Covid-19 also provides an opportunity for the Company to redefine its processes and work practices for enhancing efficiency and productivity. I am looking forward to seeing the characteristic Spirit of Murugappa coming to the fore 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 term of Mr. N S R Chandra Prasad came to an end on July 23, 2019. Ms. Shubhalakshmi Panse resigned on November 20, 2019. The Board is thankful to them for their contribution to the growth of Chola MS during their tenure. Mr. K L R Babu and Ms. Kasivajula Ramadevi were inducted to the Board during the year. I take this opportunity to welcome the two newly inducted Directors.

My appreciation and best wishes to the Senior Leadership and the entire team of Chola MS for putting in a creditable performance. My sincere appreciation to Mr. S S Gopalathnam whose term as MD comes to an end on June 30, 2020 after completing more than four decades in the Murugappa Group and more than 17 years in Chola MS. My thanks to him

for all his efforts over the years in taking the Company forward.

I take this opportunity to welcome Mr. V Suryanarayanan, a person who has been with the Group and the Company in taking over as Managing Director from July 1, 2020 and Mr. Vedanarayanan Seshadri who is taking charge as "President and Chief Operation Officer".

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.

The Company has been working on digitising the customer's journey across all lines of businesses in making it easy for channels and customers to transact.

Warm Regards,

M M MURUGAPPAN
Chairman

FROM THE MANAGING DIRECTOR'S DESK

Dear Shareholder,

The insurance industry witnessed yet another eventful financial year. The industry underwent a turbulent phase with several far-reaching developments many of which were positive and a clutch of factors causing transitory problems and impact on profitability. Positive developments during the year included amendments proposed to Motor Vehicles Act, mandatory minimum pricing for property line of business. The industry witnessed decline in sale of new vehicles, high pricing discounts offered in Motor own damage (OD) insurance, losses from crop insurance segment etc. Further, the last quarter witnessed the onset of Covid 19 pandemic due to which the country went into a lockdown measure starting from the last week of the financial year.

For the FY 2019-20, the non-life insurer's (excluding Standalone Health & Specialised insurers) Gross Direct Premium is reported at around Rs.1642 billion, a growth of around 9.5% over the previous year. The market share of public sector companies was 46% and the private sector companies with a year-on-year growth of 11.7% constituted a total of 54%.

Cholamandalam MS General Insurance Company Limited (Chola MS) registered a gross written premium (including reinsurance remittance) of Rs.44 billion. Growth in business operations continued to be driven by strong performance in retail channel with Motor & Health insurance contributing over 80% of the premiums with a good mix across metros & non metros. While Claims ratios were under control despite adverse environment of cyclones, higher discounts in Motor Own Damage etc. business sourcing costs were higher impacting the underwriting performance. Aided by over Rs.5 billion of long term premium, investment income (Including profit on sale of Investments) levels rose to Rs. 7795 mn from Rs. 5316 mn despite interest rates dropping during the year and the company was able to record a gain of Rs. 1701 mn on sale of debt investments. Corporate debt environment posed a tough challenge for all insurers and Chola MS was no exception. During the year the Company had to provide for some exceptional items on the investment side. In terms of profits, Chola MS achieved Profit Before Taxes of Rs. 2.60 billion. Despite these challenges, Chola MS has maintained Rank 7 position within addressable markets (i.e. Industry volumes excluding Group & Govt Health and Crop) with a market share of 3.7%.

Chola MS was successful in tying up with Bancassurance arrangements with leading PSU banks and is one of the leading Insurer with a large number of Banks tie ups (PSU's, Private and Co-operative/Scheduled) through which its products are now made available in more than 25,000 bank branches across India. The results arising out of the new arrangements entered during the year would be seen in the years to come.

Business teams successfully leveraged its bancassurance expertise and significantly enhanced its customer base through the large bank branch network. Proprietary distribution grew by widening of distribution reach into Tier 3 and Tier 4 towns through a digitally enabled model providing an enhanced customer experience, strong performance in OEM partnerships and continued growth in existing distribution partnerships.

While we recognised the importance of reaching customers some time back, we have now implemented a digital strategy and set up a dedicated digital team. The team has done a remarkable job, ranging from enhancing website user interface with various applications including driving social media engagement. Going forward, these initiatives would greatly contribute to better experiences for both customers and intermediaries while at the same time improving our service TATs.

Chola MS continued to implement its strategy of growing in preferred geographies and product lines and further plans to continue its thrust on building distribution through its digitally enabled model in select unserved markets across the country. In our endeavour to completely transform Chola MS digitally, the Corporate website was re-designed. Chatbots were launched for customers (Joshu) & employees (Mithra) and AI based proctoring solutions were introduced for new hires. We have introduced Phoenix as a new microservices based platform on Cloud (AWS) and a new Voice Bot Platform to drive Visual IVR based Renewals. During this period, we have consistently focused on introducing innovative, technology enabled insurance solutions, setting outstanding customer service standards and strengthening our distribution capabilities amidst a rapidly changing industry landscape.

We were honoured to receive several accolades for our customer-focused initiatives. Our initiatives in best practices and product innovations among others, were recognised on leading platforms. 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 non-life insurance industry and our business prospects. Even as we pursue new business milestones, we will stay focused on creating long-term value for our stakeholders.

In line with Murugappa Group's values and traditions, Chola MS continuously strives to bring in a positive change in the society through its social endeavours. The Company spent more than 2% of its average profit of the last three years on CSR thereby going beyond the statutory requirements. We have spent Rs. 57.47 Mn in Corporate Social Responsibility (CSR) activities across various programmes, including promotion of education, rural development, road safety and protection of art & culture.



Staying in sync with our Vision, Mission and core values we shall be passionately driving ourselves to be the preferred choice amongst our customers, business partners and employees. Moreover, with the core values of Trust, Transparency & Technology being intact in our DNA, we are committed to give our customers the much-needed 'Peace of Mind' by protecting them from financial risks.

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 MSI, Japan for their valuable support and faith in us.

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

We believe that Chola MS is in a good position to sustain its growth trajectory; therefore, we re-dedicate ourselves to our motto 'Accelerated Growth with Profitability' and continue to contribute in nation building.

Best Regards,

S S GOPALARATHNAM

Managing Director

PROFILE OF DIRECTORS



Mr. M M Murugappan, 64 years, Chairman (DIN: 00170478)

Mr. M M Murugappan is the Executive Chairman of the Murugappa Corporate Board. He holds a Bachelor's degree in Chemical Engineering from the AC College of Technology, University of Madras and a Master's degree in Chemical Engineering from the University of Michigan, USA. He is also the Chairman of Tube Investments of India Limited, Cholamandalam Financial Holdings Limited, Coromandel International Limited, Cholamandalam Investment and Finance Company Limited and Carborundum Universal Limited. He is on the Boards of several companies including Mahindra & Mahindra Limited, Ambadi Investments Limited and Cyient 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, 67 years, Independent Director (DIN: 01637947)

Mr. Margam Rama Prasad holds a Master's degree in Statistics and is an Associate member of 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 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 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,
64 years, Independent Director (DIN: 06954320)

Mr. K L R Babu holds a Master's degree in Arts and is an Associate member of Insurance Institute of India. He has over 37 years of experience in various sectors including around 33 years of experience in 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 had held Directorships in The New India Assurance Company Limited and ITUS Insurance Brokers Private Limited.

Ms. Kasivajjula Ramadevi, 63 years, Independent Director (DIN: 07327977)

Ms. Ramadevi holds a Master's degree in Commerce from the University of Madras. She has over 39 years of experience in various sectors, 36 years of which are in insurance. Ms. Ramadevi has held various positions in United India Insurance Company Limited before joining The Oriental Insurance Company Limited as a Deputy General Manager. Ms. Ramadevi is a former Chief Financial Officer and retired as General Manager of The Oriental Insurance Company Limited.



PROFILE OF DIRECTORS



Mr. Sridharan Rangarajan, 54 years, Non-Executive Director (DIN: 01814413)

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 is 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 Home Finance Limited, Cholamandalam MS Risk Services Limited, Cholamandalam Health Insurance Limited, Net Access India 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. Hideo Yoshida, 57 years, Non-Executive Director (DIN: 08384830)

Mr. Yoshida holds a Bachelor of Arts in Business and Commerce from Keio University. He has over 35 years of experience in general insurance industry. He was working in Leadership positions in Mitsui Sumitomo Insurance (China) Co. Limited, Japan since 2009. Mr. Yoshida is a director on the Board of Cholamandalam MS Risk Services Limited, Mitsui Sumitomo Insurance (China) Co. Ltd., InterRisk Consulting (Shanghai) Co. Ltd. Mr. Yoshida joined the Board of Chola MS in April 2019.



Mr. S S Gopalarathnam, 61 years, Managing Director (DIN: 02060399)

Mr. Gopalarathnam is a Commerce graduate, a fellow member of the Institute of Cost Accountants of India and has done an advanced management program in Harvard University. He has been associated with the Murugappa Group for nearly 40 years since 1979 in various leadership roles. He spent 21 years in Tube Investments of India Limited in various roles like Finance, Exports and Business operations and was head of Corporate & Strategic planning at the Murugappa Group for 1 1/2 years and is a founder member of Cholamandalam MS General Insurance Company Limited from the inception since 2001 and has been on the Board since April, 2008. Mr. Gopalarathnam is a director on the Board of Cholamandalam MS Risk Services Limited and Cholamandalam Health Insurance Limited.

Mr. Takashi Kishi, 54 years, Wholetime Director (DIN: 08381603)

Mr. Takashi Kishi holds a Bachelor of Arts in Business and Commerce from Keio University. Mr. Kishi has over 30 years of experience in general insurance industry. Mr. Kishi has been working in Mitsui Marine & Fire Insurance Co. Ltd. since 1989. Before appointment as 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



S S GOPALARATHNAM
Managing Director



TAKASHI KISHI
Wholetime Director



V SURYANARAYANAN
President &
Chief Operating Officer



VEDANARAYANAN SESHADRI
President - Emerging Businesses



S VENUGOPALAN
Chief Financial Officer



SURESH KRISHNAN
Chief Compliance Officer
& Company Secretary



S K RANGASWAMY
Chief Risk Officer
Head - Internal Audit



N V MURALI
Chief Investment Officer



ASHWANI KUMAR ARORA
Appointed Actuary

FINANCIAL HIGHLIGHTS

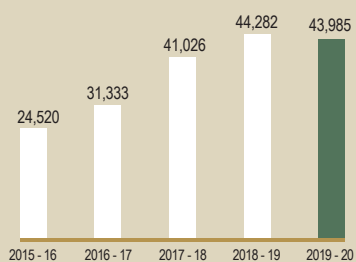
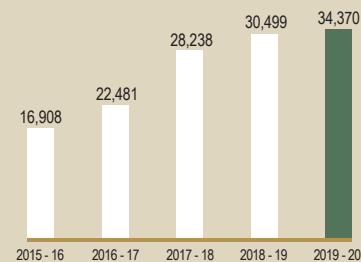
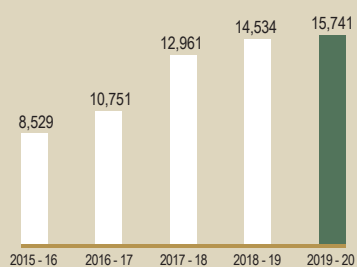
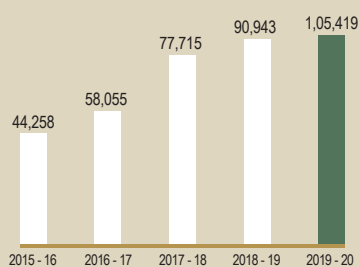
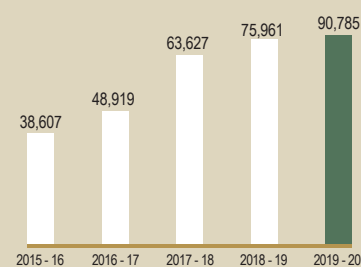
(Rs. million)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Gross Written Premium	9,680	13,465	16,209	18,551	18,904	24,520	31,333	41,026	44,282	43,985
Net Earned Premium	6,274	8,691	11,674	14,314	14,821	16,908	22,481	28,238	30,499	34,370
PBT	(226)	155	890	1,015	2,007	2,131	2,971	3,466	2,506	2,546
PAT	(229)	191	602	701	1,371	1,479	2,081	2,426	1,789	1,494
Net worth	2,570	3,257	4,359	5,824	7,190	8,529	10,751	12,961	14,534	15,741
Fixed Assets (net)	289	359	496	577	617	615	691	703	687	724
Investment portfolio	9,661	12,573	17,242	23,282	31,646	38,607	48,919	63,626	75,961	90,785
Earnings per Share (Rs.)	(0.86)	0.69	2.08	2.37	4.59	4.95	6.97	8.12	5.99	5.00
Book value per Share (Rs.)	9.63	11.48	14.93	19.49	24.06	28.54	35.98	43.38	48.64	53.64
					PBT - Profit before tax			PAT - Profit after tax		

KEY

FINANCIAL

INDICATORS

GROSS WRITTEN PREMIUM - DIRECT
Rs. In MillionNET EARNED PREMIUM
(Including IMTPIP) Rs. In MillionNET WORTH
Rs. In MillionTOTAL ASSETS
Rs. In MillionINVESTMENT PORTFOLIO
Rs. In Million

CORPORATE SOCIAL RESPONSIBILITY



Infrastructural development and improvisation of child friendly environment in an Anganwadi Cluster, Pallavaram, Chennai.



Tailoring machines provided to women from poor economic background in Tamil Nadu

Wellness programs in schools and colleges in Tamil Nadu



Road safety awareness campaigns in Tamil Nadu, using Mobile Van fitted with two wheeler simulator



Tailoring machines provided to women from poor economic background in Tamil Nadu

Desilting of Ponds in and around Pugalur, Tamil Nadu



Inauguration of De silting of Pond Project by Chola MS at N.G.Palayam around Pugalur.

AWARDS RECEIVED

DURING THE YEAR



BEST USE OF CRM IN FINANCIAL SERVICES

Chola MS was conferred with 'Best Use of CRM in Financial Services Award' by CRM World Summit & Awards 2019.

BEST COMPLIANCE FRAMEWORK OF THE YEAR

Chola MS was conferred with 'Best Compliance Framework of the Year' at the Compliance Leadership Summit & Awards 2019, by UBS Forums.



SPECIAL RECOGNITION FOR INSURANCE SPREADING STRATEGIES

Chola MS was conferred with 'Certificate of Excellence for Special Recognition for Insurance Spreading Strategies' at the Emerging Asia Insurance Awards 2019 by Indian Chamber of Commerce.

BEST EMPLOYER BRAND AWARD

Chola MS was conferred with 'Best Employer Brand Award' by Tamil Nadu Best Employer Brand Awards 2019.



GENERAL INSURANCE COMPANY OF THE YEAR

Chola MS was conferred with 'General Insurance Company of the Year - Large' at the World BFSI Congress and Awards 2020.

BEST INSURANCE COMPANY (BANCASSURANCE) - GENERAL BY INSURANCE ALERTSS

Chola MS was conferred with 'Best Insurance Company (Bancassurance) - General by Insurance Alertss, India's largest & Asia's second largest dedicated insurance news platform & event organizers.



BOARD OF DIRECTORS

M M MURUGAPPAN
MARGAM RAMA PRASAD
K L R BABU
K RAMADEVI
SRIDHARAN RANGARAJAN
HIDEO YOSHIDA
S S GOPALARATHNAM
TAKASHI KISHI

Chairman
Director
Director
Director
Director
Director
Managing Director
Wholetime Director

COMPANY SECRETARY

SURESH KRISHNAN

Company Secretary & Chief Compliance Officer

TOP MANAGEMENT TEAM

S S GOPALARATHNAM
TAKASHI KISHI
V SURYANARAYANAN
VEDANARAYANAN SESHADRI
S VENUGOPALAN
SURESH KRISHNAN
S K RANGASWAMY
N V MURALI
ASHWANI KUMAR ARORA

Managing Director
Wholetime Director
President and Chief Operating Officer
President – Emerging Businesses
Chief Financial Officer
Company Secretary & Chief Compliance Officer
Chief Risk Officer & Head – Internal Audit
Chief Investment Officer
Appointed Actuary

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

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

DEBENTURE TRUSTEE:

IDBI Trusteeship Services Limited
17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001
Tel. No: 022 – 40807000, Fax: 022 – 66311776

REGISTRAR AND SHARE TRANSFER AGENTS (RTA):

KFin Technologies Private Limited
(formerly Karvy Fintech Private Limited)
Karvy Selenium, Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally,
Hyderabad - 500032. Tel.: +91-40-67162222

DIRECTORS' REPORT TO MEMBERS

Your directors' are pleased to present to you the 19th. Annual Report together with the audited financial statements of the Company for the year ended March 31, 2020.

FINANCIAL HIGHLIGHTS

(Rs. million)

Particulars	2019-20	2018-19
Gross Written Premium (GWP)		
a) Direct	43,985	44,282
b) Reinsurance Acceptance	115	109
Total GWP	44,100	44,391
Net Earned Premium	34,370	30,499
Net Claims Incurred	25,773	23,355
Net Commission and expense of management	11,072	9,396
Investment Income (PH)	6,989	4,833
Contribution from Shareholders	877	-
Fund - Excess of EoM		
Operating Profit	5,391	2,581
Investment Income (SH)	606	544
Impairment Provision & Write off - Stressed Assets	2,351	371
Contribution to Policyholders Fund - Excess of EoM	877	-
Other Expenses	223	248
Profit before tax	2,546	2,506

INDUSTRY SCENARIO

The Gross Direct Premium of non-life insurers (excluding Standalone Health & Specialized insurers) is reported at around Rs. 1,642 billion, a growth of around 9.5% over the previous year. The market share of public sector companies was 44.5% with the private sector companies growing their share to 55.5%.

The general slowdown in the economic growth from Oct. 2019 and the Covid-19 lockdown in the last week of March impacted the premium growth for the industry.

The motor line of business was impacted severely at the industry level (PSU & Private Players) with Motor OD largely remaining flat and Motor TP a growth of 12% aided by the TP premium increase effective mid-June 2019. The health and personal accident lines grew at 7%. The property segment witnessed a growth with the strict implementation of IIB specified pricing for various occupancies. The crop insurance segment had a growth of 9%.

SUMMARY OF COMPANY PERFORMANCE

The Company achieved a GWP of Rs.43,985 million.

The Company ended the year with a market share of around 3.7% (among GI players). During the year, the Company took a pause from participating in fresh business in the crop / weather insurance segment (previous year GWP Rs. 4,369.43 million) and adjusting for this factor, the Company's GWP grew by 9.72%.

The Company's GWP growth was driven by acquiring new bancassurance tie-ups in state-owned banks, foray into two-wheeler business in motor, strong growth in proprietary channels in Tier 2, 3 and 4 towns and in commercial lines.

On the investments front, the Company stepped up the provisioning charge on the stressed portfolio to Rs. 1,573.24 million and written off Rs. 777.34 million (previous year: Provisions - Rs.150.61 million and write off Rs. 220.00 Million).

The Company recorded a profit before tax of Rs.2,546 million for the FY ended March 31, 2020.

DIVIDEND

With a view to conserve the resources, your directors do not recommend any dividend for FY 2019-20.

TRANSFER TO RESERVES

An amount of Rs. 1,000 million is proposed to be transferred to General Reserve for the FY 2019-20.

BUSINESS OPERATIONS

The Company's customer base grew strongly to over 9 million during the year constituting a growth of more than 53% over the previous year.

In Motor, besides stepping up its presence significantly in the two-wheeler segment, the Company expanded its participation in the OEM programs of motor vehicles.

The Company secured new bancassurance relationships (state owned banks, regional rural banks etc.) and in the context of the "bank mergers" effective April 1, 2020 is in a position of strength.

The Company has enlarged its agency base and the number of branches grew to 135.

The Company continued to make an underwriting surplus in most lines of business except Motor Third Party, Crop/Agriculture and Travel. 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 growth in premium of 7.51% to Rs.32,447.73 million in FY 2019-20. The composition of the motor

portfolio is 10% two wheelers, 22% cars, 58% commercial vehicles and 10% comprising of Tractors and other categories of vehicles.

The passing of the amended Motor Vehicles Act was a major landmark during the year. While some parts of the amended Act have been notified, the chapters relating to insurance of vehicles are yet to be notified. The key changes such as (a) capping of time limit for intimation of motor third party claims (b) the need for proactive settlement offers by insurers (c) the capping of liability where the victim claims on "no faults" basis etc. can have far reaching impact on the results and the performance of the motor third party portfolio for the industry.

The introduction of the long term products in two wheelers and cars in 2018-19 spawned the need for Standalone Motor OD cover.

The premium pricing in Motor Own Damage witnessed severe pressure throughout the year with discounts across vehicle categories rising to new highs. This caused an adverse change of 6% to 8% in the motor OD claims ratios of all players in the industry. In motor third party, the premium insufficiency still exists in several sub-segments. This has resulted in the combined ratio in the motor line of business being rendered adverse.

The decision of the regulator to defer the price increase in motor third party premium would further aggravate the situation given the increase in minimum wage levels and inflation in Medical care.

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 for its claims servicing processes.

(B) PROPERTY AND CASUALTY LINES OF BUSINESS:

The premium from Property and casualty lines of business grew to Rs. 3,696.81 million, primarily driven by the growth in the fire segment of the portfolio.

Fire portfolio recorded a growth of 28% aided by (a) the increase in IIB rates for select occupancies (until Dec 2019) and for all occupancies (effective Jan 2020) (b) the growth from the bancassurance portfolio. The growth in marine portfolio was strong at 19% while the engineering portfolio remained flat in a sluggish external environment. The liability portfolio grew by 28%.

The Company continues to follow disciplined underwriting and prudent risk selection in a highly competitive environment. Higher proportion of business from 'Preferred' category risks, geographical spread of risks, granular risks have all ensured improvement in the claims ratios of these lines.

(C) HEALTH, ACCIDENT AND TRAVEL LINES OF BUSINESS:

During the year, the Health, Accident and Travel lines of business

(other than employer-employee group health) grew by 9.5%. Muted disbursements in motor NBFC's / HFC's channels impacted benefit product bundling in health and accident products leading to lower growth.

However, addition of dedicated new health agents (including POSP) and expanded reach of Bancassurance distribution to more distribution points ensured that retail indemnity business from agency and banca distribution grew strongly.

To align with evolving consumer needs, a revamp of the existing product portfolio was undertaken and 11 new products were filed with the regulator. Flexi Health, the new indemnity product offering was launched providing flexibility of payment options and coverages was well received. A host of new product offerings, both indemnity and benefit are on the anvil to be launched in H1 FY 21 to leverage on the increasing awareness levels for healthcare and protection in the country. Extensive work in digitising all customer journeys through frictionless on boarding, engagement, claims servicing, provider network access is in progress.

Loss ratios across this line of business continues to be good with the company continuing to adopt prudent underwriting practices while focusing on new segments of growth. With fresh additions, the hospitals in the Company's network is presently at over 9000 with presence across all major Tier 1,2 and 3 cities / towns in the country.

(D) CROP INSURANCE:

In the context of the Company taking a pause in bidding for fresh crop insurance business, the activities in this line was confined to claims management of the portfolio underwritten in 2018-19 with rigorous monitoring of CCEs and timely claim settlements.

The Central Government has announced the revised PMFBY scheme for the ensuing three years. The Company will continue to closely monitor the relative attractiveness of this portfolio and accordingly decide on its participation.

CLAIMS

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

The net claims ratio at 74.99% in FY 2019-20 saw a reduction from the previous year's ratio of 76.58% even though Cyclone Fani and the extended monsoon left its imprint. The Company compares favourably with competition in the claims ratios of almost all lines of businesses.

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) Servicing 3 Lakh claims across various LOBs, which is 35% 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 expanding the service network for the policyholders - over 9000 hospitals and 8600 garages
- (e) Reducing customer complaints on claims servicing on a quarter-on-quarter basis
- (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, Cyclone Fani and the extended monsoon caused inundation related losses in the Western parts of the country and these losses largely impacted only the retained risk of the company. The impact on non-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 arrangement with effective risk transfer mechanisms in Retail Health and Retail Personal Accident portfolios. The Company successfully negotiated and completed the RI placements for FY 2020-21, diversifying the panel with the addition of new reinsurers in the proportional treaties. The Treaties were placed in the market at improved and competitive terms and placed with well-rated markets.

INVESTMENTS

The Company's investment portfolio grew to Rs. 90,785 million as at March 31, 2020 (Previous year: Rs.75, 961 million).

The Company had invested in debt securities of certain companies aggregating Rs. 4,475 Million as at 31 Mar 2020 which have defaulted in repayment of principal and payment of interest. These investments are classified as Non-performing Assets as per the impairment policy of the Company. Accordingly, the Company provided for diminution in value of investments of Rs. 1,573 Million (Previous Year 150 Million) besides writing off Rs. 777 Million (Previous Year - Rs. 220 Million) during the financial year ended 31 March 2020.

In the context of the investment environment, the Company churned and deployed its investment portfolio in largely Central and State Government securities and pared down exposures to corporate bonds (27.05% of portfolio as of March 31, 2020 as against 55.52% of portfolio as of March 31, 2019).

The Company continues to emphasise on safety and liquidity of investments and together with monetised gains, grew the investment income to Rs. 7,592.03 million with a gross yield of 9.05% (Previous year: 7.92%). The average investment portfolio duration was at 4.25 years.

HUMAN RESOURCES

The manpower strength as on March 31, 2020 was 714. The Company, during the year, implemented digital initiatives in the areas of hiring, HR processes, people communication and engagement.

The Company continues to emphasise on learning and development of all its staff based on functional and general management requirements in preparing the organisation for the future.

INFORMATION TECHNOLOGY & DIGITAL INITIATIVES

During the year, Chola MS focussed on new digital enablers across all operating functions and processes through a number of initiatives. These initiatives have enabled the Company to serve its customers faster and better bringing in efficiencies and more importantly strengthening the ability to scale volumes.

The initiatives include (a) Introduction of Bots in the areas of customer service, claims intimation and queries (b) Digital platforms for handling high volume transactions such as two-wheeler insurance, home insurance etc with simplified customer journeys and ease of transacting (c) Robotic Process Automation in claims and finance related processes (d) Collaborative programs with InsurTech companies for speed to market on launch of products, claims assessments etc (e) Extensive use of Microsites for facilitating renewal management (f) Employees related automation by way of internal communication enablement, bots for employee queries handling and servicing and (g) Migration to O 365 platform enabling both internal and external communication by mail, voice and video.

The Company is committed to pursue its journey in the path of digitisation and actively embrace new technologies towards making it easy and convenient for the customers to transact on all matters relating to the businesses.

NET WORTH AND SOLVENCY

The paid-up capital as at March 31, 2020 was at Rs.2,988 million and the net-worth as at that date was Rs.15,740 million. During the year, the Company has not issued any equity shares.

The Company's solvency ratio as at March 31, 2020 was 1.58 times as against the mandated threshold of 1.50 times.

PEER REVIEW OF ACTUARIAL VALUATION

The Company engaged the services of Mr. Saket Singhal, a qualified consulting actuary, for conducting the peer review of Actuarial Statutory Valuation as at 31st March 2020, carried out by the Appointed Actuary of the Company. The scope includes check on data credibility, review of methodology and assumptions and reasonableness of the results. The peer reviewer has confirmed the sufficiency 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 two penalty orders from the Regulator aggregating to Rs. 20.1 million on certain matters relating to its processes and market conduct. The Company has since amended the processes.

RISK MANAGEMENT

Risk is inherent to the insurance business. Our 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.

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

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

The Enterprise Risk Management (ERM) function continually conducts risk and control assessments for all functions across the Company. Training is imparted on Risk Management across the organization to create awareness and ensure sensitization.

The Company's certification under ISO standard 31000:2018 for its Enterprise Risk Management Process was renewed during the year.

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 Rs. 10,00,000 (Rupees Ten Lakh Only) each at par, aggregating Rs. 1,000 million on private placement basis.

CRISIL, in March 2020, reaffirmed its credit rating of AA with stable outlook. ICRA, in June 2019 had revised the credit rating to AA with negative outlook. The debentures have tenure of 10 years and mature on May 25, 2027. The debentures are listed on the Debt Market Segment of National Stock Exchange of India. The company continues to service its interest 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 (formerly TI 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, re-insurance, business development with Japanese and Korean (J&K) clients in India, claims processes and training. The Company has been able to make good inroads in the Japanese and Korean companies established in India and expect substantial business in the years to come. Senior employees across functions were sent for training/attending workshops organized by MSI.

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, four 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 18th AGM of the Company held on July 23, 2019:

- a) Mr. M M Murugappan – reappointed as Director who was liable to retire by rotation
- b) Mr. Sridharan Rangarajan – appointed as Non-Executive Director (liable to retire by rotation)
- c) Mr. Hideo Yoshida – appointed as Non-Executive Director (liable to retire by rotation)
- d) Mr. Takashi Kishi – appointed as Director (liable to retire by rotation)
- e) Mr. Takashi Kishi – appointed as Whole-time Director for a period of two years from April 1, 2019
- f) Mr. S S Gopalathnam – reappointed as Managing Director for a further period from May 24, 2019 to June 30, 2020

The office of Mr. N S R Chandra Prasad as Independent Director came to an end at the 18th AGM. Mr. K L R Babu was appointed as Additional Director (Independent Director) by the Board at its meeting held on October 29, 2019.

Ms. Shubhalakshmi Panse resigned from her office of Independent Director with effect from November 20, 2019. Ms. Kasivajula Ramadevi was appointed as Additional Director (Independent Director) with effect from February 19, 2020.

The Board places on record its deep appreciation and gratitude to Mr. N S R Chandra Prasad and Ms. Shubhalakshmi Panse for their guidance and valuable contribution to the Company during their tenure.

Mr. Sridharan Rangarajan 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 Managing Director with effect from July 1, 2020 in place of Mr. S S Gopalathnam whose tenure as Managing Director is valid till June 30, 2020.

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

As on March 31, 2020, the Key Managerial Personnel of the Company, in terms of the provisions of section 203 of the Companies Act, 2013, are as follows:

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

AUDIT COMMITTEE

The Audit Committee comprises 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. K L R Babu was inducted as a member of the Committee with effect from October 29, 2019 in place of Mr. N S R Chandra Prasad and Ms. K Ramadevi was inducted as a member of the Committee with effect from February 19, 2020 in place of Ms. Shubhalakshmi Panse.

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 entered into 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, pursuant to the Accounting Standard 18, are dealt with in note 21 of Schedule 16 of 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, Policyholder's 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 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 Remuneration 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/ Wholtime 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 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 / Whole-time Directors, Key Management Persons / other employees.

- (b) Description of the ways in which current and future risks are taken into account in the remuneration processes:

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

- a. Targets of the Company with respect to the premium received and the profits
- b. Achievement of target numbers in respect of Expenses of Management and Solvency ratio along with the overall financial position of the Company
- c. Overall customer satisfaction in terms of claim settlement / repudiation and grievance redressal
- d. 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 Whole-time Directors including the Managing Director are provided below:

Particulars	March 31, 2020
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	270.17
Variable	158.54
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

STATUTORY AUDITORS

M/s. Sharp and Tannan, Chartered Accountants, and M/s. R.G.N Price & Co., Chartered Accountants, were appointed as the joint statutory auditors of the Company for a period of five years commencing from the conclusion of the fourteenth and fifteenth Annual General Meeting (AGM) till the conclusion of nineteenth and twentieth Annual General Meeting respectively.

The tenure of M/s. Sharp and Tannan 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 nineteenth AGM till the conclusion of twenty fourth AGM.

M/s. Sharp and Tannan 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. Sharp and Tannan as 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.

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 2019-20. 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. S S Gopalarathnam 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 there under 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 programme;
- Promotion of sports through training of sportspersons;
- Undertake 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.

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 Rs.57.3 million towards CSR spend, and Rs.57.47 million was spent towards CSR activities as approved by the Committee.

The report on CSR activities 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.

COVID 19 - ACTIONS INITIATED

Setting up of Crisis Management Team:

A Crisis Management Team was setup during the second week of March 2020 which implemented initiatives like Work From Home guidelines, Travel advisory for employees, circulation of Do's and Don'ts for the benefit of all employees etc. Further, a Business Continuity Policy was implemented which included enablement of laptops/desktops from remote access for benefit of employees in addition to covering the areas pertaining to IT applicability and availability, IT vendors, User collaboration, Information security etc.

PLANNING FOR 2020-21 AND THEREAFTER

The Company would be encouraging employees to Work from Home, wherever possible. Branches would be opened after complying with the mandatory requirements with respect to sanitation, fumigation of offices, social distancing etc. Meetings through Video Conferencing would be encouraged.

Thrust on digital enablement across lines would continue and policyholders would be enabled to take out policies, lodge claims etc, digitally. Similarly, intermediaries would be enabled digitally for meeting all their requirements. Website would be made more user friendly for the benefit of policyholders, intermediaries and all other stakeholders.

Issues pertaining to safety of staff, policyholders, intermediaries and agents would be of paramount importance at all points of time.

OUTLOOK FOR 2020-21

The COVID-19 pandemic which has affected almost every country around the globe is bound to have a lasting effect on the global economy.

In India, the successive extensions of the lockdown done with a view to save precious human life, is likely to result in a negative economic growth for the country impacting almost all industries. The anticipated low interest rate environment will also impact the investment income by way of lower yields.

The general insurance industry with its dependence on the automotive sector for its motor line of business and industrial sectors for property premium is poised to record a drop in its overall premium growth – the first time in over 20 years. With enhanced consumer awareness, the health line of business is poised to grow.

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, launch of Covid-19 specific products, 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. Besides, post the total lifting of lockdown in the country, the Company will carefully examine the environment to recalibrate its growth plans for the ensuing years.

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 claims 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 Rs. 2,299.31 million and Rs. 1,340.67 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, 2020 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, 2020 ("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.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed as **Annexure H**.

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 I**.

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.

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

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

AWARDS AND ACCOLADES

The Company was recipient of the following awards:

1. Best Compliance framework of the year at Compliance Leadership Summit & Awards 2019 by UBS Forums
2. Certificate of Excellence for Special Recognition for Insurance Spreading Strategies for the year at 2nd Emerging Asia Insurance Awards 2019, by Indian Chamber of Commerce
3. Best use of CRM in Financial Services award by CRM World Summit & Awards 2019
4. Best Insurance Company (Bancassurance) – General by Insurance Alerts in association with Insurance Brokers Association of India at CMO Confluence & Corporate Awards
5. Best Employer Brand Award at Tamil Nadu Best Employer Brand Awards hosted by Employer Branding Institute
6. General Insurance Company of the year award at World BFSI Congress and Awards

ACKNOWLEDGEMENT

The directors wish to thank the Insurance Regulatory 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

May 19, 2020
Chennai

M M Murugappan
Chairman

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 letter and spirit of the law and its own demanding levels of business ethics.

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

The Company firmly believes in and follows the 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 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 (formerly TI 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 Whole-time Director and 3 Independent Directors. A brief profile of the directors is provided earlier in this annual report for the information of the shareholders.

During the year under review, the term of office of Mr. N S R Chandra Prasad came to an end at the conclusion of the 18th Annual General Meeting held on July 23, 2019. Mr. K L R Babu was appointed as Additional Director (Independent Director) by the Board with effect from October 29, 2019. Ms. Shubhalakshmi Panse resigned from her office of Independent Director with effect from November 20, 2019. Ms. K Ramadevi was appointed as Additional Director (Independent Director) by the Board with effect from February 19, 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, 2020 on other Boards are provided below:

Name of the Director	Category	Number of Directorship #
Mr. M M Murugappan	Non-Executive / MG nominee	8
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. S S Gopalarathnam	Managing Director / MG nominee	2
Mr. Takashi Kishi	Wholtime 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:

Name of Director	April 22, 2019	July 23, 2019	October 29, 2019	January 24, 2020
Mr. M M Murugappan	LOA*	✓	✓	✓
Mr. Margam Rama Prasad	✓	✓	✓	✓
Ms. Shubhalakshmi Panse (till November 20, 2019)	✓	✓	✓	—
Mr. N S R Chandra Prasad (till July 23, 2019)	✓	✓	—	—
Mr. K L R Babu (from October 29, 2019)	—	—	✓	✓
Ms. K Ramadevi (from February 19, 2020)	—	—	—	—
Mr. Sridharan Rangarajan	✓	✓	✓	✓
Mr. Hideo Yoshida	✓	✓	✓	✓
Mr. S S Gopalarathnam	✓	✓	✓	✓
Mr. Takashi Kishi	✓	✓	✓	✓

* Leave of Absence

During the year ended March 31, 2020, 4 Board meetings were held on April 22, 2019, July 23, 2019, October 29, 2019, and January 24, 2020. Attendance of directors at Board Meetings is given below:

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 requirement and to support the Board in discharging its responsibilities.

The Board, at the time of constitution of 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 team are invited to Board / Committee meetings as and when necessary.

The following are the eight Committees constituted by the Board:

S. 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 that the Committee is adequately informed of the risks and implications of internal audit findings and recommendations;
- approval of appointment, remuneration, performance evaluation, removal of the Chief Internal Auditor;
- ensure 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 at March 31, 2020. Mr. Hideo Yoshida was inducted as a member of the Committee in place of Mr. Tamaki Kawate with effect from April 1, 2019. During the year, Mr. K L R Babu was inducted as Committee member on October 29, 2019 in place of Mr. N S R Chandra Prasad who ceased to be a director of the Company with effect from July 23, 2019. Ms. K Ramadevi was inducted as a Committee member on February 19, 2020 in the place of Ms. Shubhalakshmi Panse who resigned as a Director with effect from November 20, 2019.

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

Name of Member	Category	Number of meetings attended (Number of meetings held)
Mr. Margam Rama Prasad – Chairman	Independent Director	4(4)
Ms. Shubhalakshmi Panse (till November 20, 2019)	Independent Director	3(3)
Mr. N S R Chandra Prasad (till July 23, 2019)	Independent Director	2(2)
Mr. K L R Babu (from October 29, 2019)	Independent Director	1(1)
Ms. K Ramadevi (from February 19, 2020)	Independent Director	—
Mr. Sridharan Rangarajan	Non-Executive Director	4(4)
Mr. Hideo Yoshida	Non-Executive Director	4(4)

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

The statutory auditors and internal auditors are invited for the meetings of the Audit Committee. During the year, the Independent Directors in Audit Committee have held separate discussions with the statutory and internal auditors without the presence of the management team on April 26, 2018.

INVESTMENT COMMITTEE:

TERMS OF REFERENCE:

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

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

COMPOSITION & MEETINGS:

The Committee comprises of eight members including the Chief Financial officer (CFO), Chief Investment Officer (CIO), Appointed Actuary and Chief Risk Officer (CRO). Mr. Takashi Kishi was inducted as a member of the Committee in place of Mr. Takahiko Shibakawa with effect from April 1, 2019. During the year, Mr. Ashwani Kumar Arora was inducted as a member of the Committee on October 29, 2019 in place of Mr. R Arunachalam, previous Appointed Actuary.

During the year ended March 31, 2020, the Committee met four times. The composition of the Committee and the attendance of 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	4(4)
Mr. Sridharan Rangarajan	Non-Executive Director	4(4)
Mr. S S Gopalarathnam	Managing Director	4(4)
Mr. Takashi Kishi	Wholtime Director	4(4)
Mr. S Venugopalan	Chief Financial Officer	4(4)
Mr. S K Rangaswamy	Chief Risk Officer	4(4)
Mr. N V Murali	Chief Investment Officer	4(4)
Mr. R Arunachalam (till August 31, 2019)	Appointed Actuary	2(2)
Mr. Ashwani Kumar Arora (from December 1, 2019)	Appointed Actuary	1(1)

RISK MANAGEMENT COMMITTEE:

TERMS OF REFERENCE:

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

exposed to the impact of changes in the external environment which necessitates continuous monitoring, evaluation and management of significant risks faced by it.

The terms of reference of Risk Management Committee broadly 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 position;
- 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. Mr. Hideo Yoshida was inducted as a member of the Committee in place of Mr. Tamaki Kawate with effect from April 1, 2019. During the year, Mr. K L R Babu was inducted as a member of the Committee at the meeting of the Board held on October 29, 2019 in place of Mr. N S R Chandra Prasad who ceased to be a director from July 23, 2019. The Committee met four times during the year ended March 31, 2020. 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 (from October 29, 2019)	Independent Director	1(1)
Mr. N S R Chandra Prasad (till July 23, 2019)	Independent Director	2(2)
Mr. M M Murugappan	Non-Executive Director	4(4)
Mr. Sridharan Rangarajan	Non-Executive Director	4(4)
Mr. Hideo Yoshida	Non-Executive Director	4(4)
Mr. S S Gopalarathnam	Managing Director	4(4)

POLICYHOLDERS' PROTECTION COMMITTEE:

TERMS OF REFERENCE:

In terms of the requirements of Corporate Governance guidelines of IRDAI, Policyholders' Protection Committee was constituted. The terms of reference of the Committee inter alia 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. Mr. Takashi Kishi was inducted as a member of the Committee in place of Mr. Takahiko Shibakawa with effect from April 1, 2019. During the year, Ms. K Ramadevi was inducted as a member of the Committee with effect from February 19, 2020 in place of Ms. Shubhalakshmi Panse, who ceased to be a director with effect from November 20, 2019. During the year ended March 31, 2020, the Committee met four 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 (from February 19, 2020)	Independent Director	—
Ms. Shubhalakshmi Panse (till November 20, 2019)	Independent Director	3(3)
Mr. Sridharan Rangarajan	Non-Executive Director	4(4)
Mr. S S Gopalarathnam	Managing Director	4(4)
Mr. Takashi Kishi	Wholetime Director	4(4)

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

TERMS OF REFERENCE:

As per the requirements of section 135 of the Companies Act, 2013, the Board 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. Mr. Takashi Kishi was inducted as a member of the Committee in place of Mr. Takahiko Shibakawa with effect from April 1, 2019. The Committee met once 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	1(1)
Mr. Margam Rama Prasad	Independent Director	1(1)
Mr. S S Gopalarathnam	Managing Director	1(1)
Mr. Takashi Kishi	Wholetime Director	1(1)

NOMINATION AND REMUNERATION COMMITTEE:

TERMS OF REFERENCE:

The Companies Act, 2013 and IRDAI Guidelines on Corporate Governance mandate constitution of Nomination and Remuneration Committee and prescribe broadly the functions of the Committee. Accordingly the Company had constituted 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 qualifications, positive attributes and independence of directors.

COMPOSITION & MEETINGS:

The Committee comprises of four members. Mr. Hideo Yoshida was inducted as a member of the Committee in place of Mr. Tamaki Kawate with effect from April 1, 2019. During the year Ms. K Ramadevi was inducted as a member on February 19, 2020 in place of Ms. Shubhalakshmi Panse, erstwhile Chairperson, who ceased to be a Director with effect from November 20, 2019. The Committee met three 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	3(3)
Ms. Shubhalakshmi Panse (till November 20, 2019)	Independent Director	3(3)
Ms. K Ramadevi (from February 19, 2020)	Independent Director	-
Mr. M M Murugappan	Non-Executive Director	3(3)
Mr. Hideo Yoshida	Non-Executive Director	3(3)

BUSINESS COMMITTEE:

TERMS OF REFERENCE:

Business Committee is a non-mandatory committee and was constituted in terms of Shareholders Agreement between MG and MSI to review business operations of the Company. 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 Rs.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. Mr. Takashi Kishi was inducted as a member of the Committee in place of Mr. Takahiko Shibakawa with effect from April 1, 2019. During the year, Mr. K L R Babu was inducted as a member of the Committee on October 29, 2019 in place of Mr. N S R Chandra Prasad, who ceased to be a director with effect from July 23, 2019.

The Committee met four times during the year ended March 31, 2020. 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. M M Murugappan – Chairman	Non-Executive Director	4(4)
Mr. N S R Chandra Prasad (till July 23, 2019)	Independent Director	2(2)
Mr. K L R Babu (from October 29, 2019)	Independent Director	1(1)
Mr. Sridharan Rangarajan	Non-Executive Director	4(4)
Mr. S S Gopalarathnam	Managing Director	4(4)
Mr. Takashi Kishi	Wholetime Director	4(4)

MANAGEMENT COMMITTEE:

TERMS OF REFERENCE:

Management Committee is a non-mandatory committee, constituted in terms of the Shareholders Agreement between MG and MSI. The terms of reference of the Committee broadly include:

- reviews the items on the board agenda before every meeting of the Board;
- implementation of the guidelines issued by the Board for Company's operations;
- to review the operations of the company periodically.

COMPOSITION & MEETINGS:

The Committee comprises of four members. Mr. Hideo Yoshida was inducted as a member of the Committee in place of Mr. Tamaki Kawate with effect from April 1, 2019. The Committee met four 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. M M Murugappan – Chairman	Non-Executive Director	4(4)
Mr. Sridharan Rangarajan	Non-Executive Director	4(4)
Mr. Hideo Yoshida	Non-Executive Director	4(4)
Mr. S S Gopalarathnam	Managing Director	4(4)

REMUNERATION OF DIRECTORS:

IRDAI had issued Guidelines on remuneration of Non-executive Directors, Managing Director/ Chief Executive Officer / Wholetime 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 Companies Act, 2013, was reviewed during the year in light of these guidelines. The policy forms part of the annual report.

Managing Director and Wholetime Director are the only Executive Directors of the Company. The compensation of the Managing Director comprises fixed component, a performance incentive and benefits arising out of 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 Managing Director and the performance of the Company as a whole.

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

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

The details of remuneration paid to the directors during the financial year ended March 31, 2020 are provided in extract of Annual Return, i.e. form MGT 9, which is annexed to the Directors Report.

The remuneration paid to Mr. S S Gopalarathnam, Managing Director, 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 of the financial statements.

ANTI-FRAUD POLICY:

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

During the year, the Company has adopted the Codes of conduct in compliance of 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 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 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 and displaying posters across all branches.

POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORK PLACE:

The Company has put in place a policy on prevention of sexual harassment in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 (POSH Act). Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. The Company has complied with the requirements of POSH Act relating to constitution of 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 and displaying posters across all branches.

During the calendar year ended December 31, 2019, 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 has to be approved by the Board and disclosed. During the financial year ended March 31, 2020, the below assignments were entrusted to statutory auditors.

(Amount in Rs.)

Particulars	Sharp & Tannan	R G N Price & Co.
Limited Review		
- Management Reporting (3 Qtrs)	2,70,000	2,70,000
- SEBI Reporting (2 Half Yearly Rep)	60,000	60,000
- Schedule III FS (3 Qtrs)	90,000	90,000
Other Certifications	1,20,000	1,83,500
Holding Company Reporting	1,10,000	1,10,000
ICFR Certification	2,57,500	2,57,500
Tax Audit	-	3,60,000
Out of pocket expenses for Tax Audit	-	10,000
Total	9,07,500	13,41,000

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 2019-20:

S.No	Particulars	Number of claims
1	Claims pending at the beginning of the year	52,686
2	Claims intimated during the year	2,97,618
3	Claims disposed during the year	2,88,100
4	Claims pending at the end of the year	62,204

Ageing of pending claims	Number of claims
Less than 3 months	18,470
3 months to 6 months	4,840
6 months to 1 year	5,799
1 year and above	33,095

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, 2019 and September 30, 2019 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 with 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 at the registered office of the Company are provided below:

AGM/EGM	Date of the meeting	Resolutions passed
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 Whole-time Director for a period of two years from April 1, 2019; - Reappointment of Mr. S S Gopalathnam 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
EGM	October 28, 2017	<ul style="list-style-type: none"> - Approval of Long Term Incentive to Mr. S S Gopalathnam, Managing Director
16th AGM	July 25, 2017	<ul style="list-style-type: none"> - Adoption of audited accounts for FY 2016-17; - Declaration of dividend at Rs.0.60/- per share; - Reappointment of Mr. Takahiko Shibakawa as Director; - Ratification of appointment of joint statutory auditors and approval of remuneration; - Approval of commission to Non-Executive Directors for further five years from 01.04.2018; - Approval for amendment of Articles of Association
EGM	February 6, 2017	<ul style="list-style-type: none"> - Issue of Unsecured Redeemable Non-Convertible debentures on a Private Placement Basis; - Reappointment of Managing Director; - Reappointment of Whole- time 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

May 19, 2020
Chennai

M M Murugappan
Chairman

CERTIFICATION FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES FOR 2019 - 20

In accordance with the provisions of Corporate Governance Guidelines issued by Insurance Regulatory and Development Authority of India (IRDAI), I, Suresh Krishnan, Company Secretary of the Company, hereby certify that Cholamandalam 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.

May 19, 2020
Chennai

Suresh Krishnan
Company Secretary

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 Insurance Regulatory and Development Authority of India (IRDAI) to be considered for nominating candidates for Board positions/reappointment 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 such that other board members will respect his or her views.

EXPERIENCE AND BACKGROUND

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

- Absence of adverse events (e.g., bankruptcy affiliations, securities law sanctions, disqualifications under Companies Act 2013 or other applicable laws etc.) that either disqualify or require adverse disclosures.

FIT AND PROPER

- The intangibles of demeanor, attitude and interpersonal skills that indicate the candidate will be an effective member of the Board of Directors "team" in a major company setting;
- Should act on fully informed basis, in good faith, with due diligence and care and in the best interest of the Company and its stakeholders;
- Should be able to exercise objective independent 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 position, the candidate should comply with the "Independence qualifications" as defined by applicable laws;
- Willingness to devote sufficient time to carry out the duties and responsibilities effectively, including attendance at meetings;
- Willingness to undertake appropriate induction and regularly update and refresh his/ her skills, knowledge and familiarity with the Company;
- Commitment to representing the long-term interests of the shareholders and balancing the interests of stakeholders;
- Willingness to challenge management in a constructive manner while working effectively as a part of a team in an environment of collegiality and trust;
- Adhere to the code of conduct of the Company;
- Protecting the legitimate interests of the Company, its shareholders and employees and maintain confidentiality;
- Meets the age criteria and applicable tenor restrictions placed by the Board;
- Absence of an unacceptable number of other board commitments;
- Absence of personal and business relationships/directorship that would pose a conflict of interest to the Board position;
- 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;
- Demonstrate sound judgement 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 as the case may be, subject to compliance of Companies Act, 2013 and IRDAI Guidelines.

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 IRDAI are to be considered for induction of a person into the senior management positions.

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

PERSONAL TRAITS:

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

COMPETENCIES:

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

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

EXPERIENCE AND BACKGROUND:

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

FIT:

- Should act on fully informed basis, in good faith, with due diligence and care and in the best interest of the Company and its stakeholders;
- Should be able to exercise objective independent 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;
- Adhere to the code of conduct of the Company;
- Protecting the legitimate interests of the Company, its shareholders and employees and maintain confidentiality;
- Absence of commitments and other fixed outside obligations;
- Absence of personal and business relationships that would pose a conflict of interest to the position.

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 Insurance Regulatory and Development Authority of India (IRDAI) and Guidelines on Remuneration of Non-executive Directors and Managing Director/ Chief Executive Officer / Whole-time 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 Chairman of the Board, shall not exceed the maximum limit stipulated in the "Guidelines". For 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 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 Committee (NRC) shall consider the parameters and various risks as specified in the guidelines issued by 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 NRC 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 NRC 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 NRC.

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 Managerial 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 NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

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 NRC.

6.2 The policy shall be reviewed annually.

6.3 Norms as prescribed by IRDAI or any other applicable statutory authority, as applicable, from time to time with regard to remuneration of non-executive directors and MD/WTD/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 31ST MARCH, 2020
[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 31st March, 2020 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 31st March, 2020 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 there under.

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 compliance management system of the Company is adequate to ensure compliance of laws as mentioned above.

With respect to applicable financial laws such as direct and indirect tax laws, based on the information & explanations provided by the management and officers of the Insurance 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 Insurance Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We have not verified the correctness and appropriateness of financial records and books of accounts of the Insurance Company.

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

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

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 : May 19, 2020

**For R.SRIDHARAN & ASSOCIATES
COMPANY SECRETARIES**

CS R.SRIDHARAN

CP No. 3239

FCS No. 4775

UIN : S2003TN063400

UDIN: F004775B000249283

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 well being. We are dedicated to the cause of empowering people, educating them and 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 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;
- Undertake 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, compliance and alignment with the activities listed in Schedule VII and Section 135 of the Companies Act, 2013 and the rules framed thereunder.

GOVERNANCE

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

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

CSR SPEND

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

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

IMPLEMENTATION

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

The Company shall implement its CSR programmes/projects:

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

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

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

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

CSR PROGRAMMES/PROJECTS

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

The programme areas are:

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

- Improving access to education
- Provision of Skill Development/Vocational Training
- Rural Development
- Environmental sustainability
- Promoting Sports, Arts & Culture
- Sustainable livelihood including setting up old age homes, day care centres and such other facilities for senior citizens
- Road safety campaigns
- 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 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 measureable 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.

ANNUAL REPORT ON CSR ACTIVITIES

DURING FY 2019-20

1. BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS / PROGRAMMES PROPOSED TO BE UNDERTAKEN:

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

- Providing basic health care facilities to economically backward societies across geographical areas,
- Improving access to education, including road safety awareness campaigns
- Eradicating hunger and poverty, through livelihood generation and skill development, setting up old age homes, day care 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

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

<https://www.cholainsurance.com/CholaWebapi/UploadedFiles/CorporateSocialResponsibilityPolicy.pdf>

2. COMPOSITION OF THE CSR COMMITTEE:

Mr. M M Murugappan (Non Executive Director & Chairman)
Mr. Margam Rama Prasad (Independent Director)
Mr. S S Gopalarathnam (Managing Director)
Mr. Takashi Kishi (Wholetime Director)

3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS:

Average net profit: Rs 28,662.63 Lakhs.

4. PRESCRIBED CSR EXPENDITURE: (2% OF THE AMOUNT AS IN ITEM 3 ABOVE)

Amount required to be spent towards CSR: Rs. 573.26 Lakhs.

5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:

- Total amount spent for the financial year : Rs. 574.69 lakhs
- Amount unspent: Nil
- Manner in which the amount spent during the financial year is detailed below.

(Rs. in Lakh)

-1-	-2-	-3-	-4-	-5-	-6-	-7-	-8-
Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (a) Local area or other (b) State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects Subheads: (a) Direct expenditure on projects or (b) over heads	Cumulative expenditure up to the reporting period	Amount spent: Direct (D) or through Implementing Agency (IA)
1	Contribution to Murugappa Polytechnic College for funding its operations & maintenance	Improving Access to Education	Chennai, Tamil Nadu	132.00	132.00	132.00	IA AMM Foundation, Chennai, Tamil Nadu
2	Contribution to Sir Ramaswami Mudaliar Higher Secondary School for funding its operations & maintenance	Improving Access to Education	Chennai, Tamil Nadu	66.50	66.50	66.50	IA AMM Foundation, Chennai, Tamil Nadu

-1-	-2-	-3-	-4-	-5-	-6-	-7-	-8-
Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (a) Local area or other (b) State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects Subheads: (a) Direct expenditure on projects or (b) over heads	Cumulative expenditure up to the reporting period	Amount spent: Direct (D) or through Implementing Agency (IA)
3	Contribution towards funding the operation of mobile science lab	Improving Access to Education	Sivagangai, Tamil Nadu	15.00	15.00	15.00	IA AMM Foundation, Chennai, Tamil Nadu
4	Contribution for conducting road safety awareness campaigns for general public using road safety van fitted with two wheeler simulator	Improving Access to Education (Road Safety)	60 Tier 3 / 4 cities in Tamil Nadu	25.28	25.28	25.28	D
5	Contribution for conducting road safety awareness for bus drivers and conductors of Metropolitan Transport Corporation, State Express Transport Corporation and Tamil Nadu State Transport Corporation	Improving Access to Education (Road Safety)	33 Locations in Tamil Nadu	45.77	45.77	45.77	D
6	Contribution towards infrastructural development, improvisation of WASH facilities and behaviour modification in PUM School	Improving Access to Education	Shanmughapuram, Chennai, Tamil Nadu	20.00	20.00	20.00	IA United Way of Chennai, Chennai, Tamil Nadu
7	Contribution towards infrastructural development and improvisation of child friendly environment in 6 Anganwadis in Moongileri cluster	Improving Access to Education	Chennai, Tamil Nadu	20.00	20.00	20.00	IA United Way of Chennai, Chennai, Tamil Nadu
8	Contribution towards scholarship for 15 economically weaker students in engineering courses	Improving Access to Education	Chennai, Tamil Nadu	10.00	10.00	10.00	IA IIT – Madras Chennai, Tamil Nadu
9	Contribution for providing educational support / scholarship for poor students and visually impaired students, from economically weaker sections of the society	Improving Access to Education	Tamil Nadu, Andhra Pradesh and Telangana	15.10	15.10	15.10	IA Help the Blind Foundation, Mata Amritanandamayi Math, Edu Passion, Tanushka Education and Development Trust & The Ojas Trust, Chennai, Tamil Nadu
10	Contribution towards corpus fund for promotion of healthcare and preventive health care	Promoting Health Care including Preventive Health Care	Chennai, Tamil Nadu	71.50	71.50	71.50	IA AMM Foundation, Chennai, Tamil Nadu

-1-	-2-	-3-	-4-	-5-	-6-	-7-	-8-
Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (a) Local area or other (b) State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects Subheads: (a) Direct expenditure on projects or (b) over heads	Cumulative expenditure up to the reporting period	Amount spent: Direct (D) or through Implementing Agency (IA)
11	Contribution for conducting 508 free health camps through mobile medical unit	Promoting Health Care including Preventive Health Care	North Chennai, Tamil Nadu	13.75	13.75	13.75	IA Seva Bharati Chennai, Tamil Nadu
12	Contribution towards conducting wellness program in 25 schools and 24 colleges	Promoting Health Care including Preventive Health Care	25 Locations in tier 3/4 cities in Tamil Nadu	12.25	12.25	12.25	IA Consortium of Accredited Healthcare Organization, New Delhi
13	Contribution for providing medical equipments to Cancer Institute (WIA)	Promoting Health Care including Preventive Health Care	Adyar, Chennai, Tamil Nadu	10.05	10.05	10.05	IA Cancer Institute WIA, Chennai, Tamil Nadu
14	Contribution towards providing cancer treatment for 20 children from under privileged background	Promoting Health Care including Preventive Health Care	Chennai, Tamil Nadu	10.00	10.00	10.00	IA TIARA Haemophilia and Cancer Foundation, Chennai, Tamil Nadu
15	Contribution for conducting free general health camps	Promoting Health Care including Preventive Health Care	20 Tier locations in tier 3 / 4 cities in Tamil Nadu	6.00	6.00	6.00	IA HelpAge India, Chennai, Tamil Nadu
16	Contribution for providing security and housekeeping maintenance of neonatal step down wards at government general hospital	Promoting Health Care including Preventive Health Care	Kakinada, Andhra Pradesh	5.63	5.63	5.63	D
17	Contribution towards De silting of 7 ponds to facilitate recharge of ground water in 188 wells & 15 bore wells for the benefit of 183 farmers	Rural Development	Villages around Pugalur, Tamil Nadu	21.71	21.71	21.71	D
18	Contribution for building awareness and behavioural change among farmers and general public in districts in Cauvery basin	Ensuring Environmental sustainability, conservation of Natural Resources	Tamil Nadu & Karnataka	10.00	10.00	10.00	IA Isha Outreach, Coimbatore, Tamil

-1-	-2-	-3-	-4-	-5-	-6-	-7-	-8-
Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (a) Local area or other (b) State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects Subheads: (a) Direct expenditure on projects or (b) over heads	Cumulative expenditure up to the reporting period	Amount spent: Direct (D) or through Implementing Agency (IA)
19	Contribution for provision of facilities and equipment to 105 senior citizens at old age home	Promoting Facilities for Senior Citizen in Old Age Homes	Chennai, Tamil Nadu	9.80	9.80	9.80	IA Anandam Old Age Home, Chennai, Tamil Nadu
20	Contribution for promotion of classical music, dance, drama and lecture demonstration by classical artists	Protection of Art and Culture	Chennai, Tamil Nadu	9.50	9.50	9.50	IA Sri Parthasarathy Swamy Sabha, The Madras Players, R.R.Sabha, Bharatiya Vidya Bhavan, Sukrtam Foundation, Chennai, Tamil Nadu
21	Contribution towards Fani cyclone relief	Disaster Relief and Management	Puri, Odisha	8.48	8.48	8.48	D
22	Renovation and relaying of tennis court at L&T South City Bangalore	Promoting Sports	L&T South City, Bangalore, Karnataka	8.01	8.01	8.01	D
23	Contribution for Provision of 90 tailoring machines to tailoring units and women from poor economic background	Women Empowerment	Tamil Nadu	5.20	5.20	5.20	IA Seva Bharathi, Chennai, Tamil Nadu
24	Contribution towards provision of new dresses to 110 orphaned mentally disabled adults, socially neglected from underprivileged section of the society	Eradicating hunger, poverty and Malnutrition	Coimbatore, Tamil Nadu	0.57	0.57	0.57	IA United Orphanage for the disabled, Coimbatore, Tamil Nadu
25	CSR Administrative Expenses	N.A.	N.A.	22.59	22.59	22.59	N.A.
			Total	574.69	574.69	574.69	

6. IN CASE THE COMPANY HAS FAILED TO SPEND THE TWO PER CENT OF THE AVERAGE NET PROFIT OF THE LAST THREE FINANCIAL YEARS OR ANY PART THEREOF, THE COMPANY SHALL PROVIDE THE REASONS FOR NOT SPENDING THE AMOUNT IN ITS BOARD REPORT.

7. THE CSR COMMITTEE OF THE COMPANY HEREBY CONFIRMS THAT THE IMPLEMENTATION AND MONITORING OF CSR POLICY IS IN COMPLIANCE WITH CSR OBJECTIVES AND POLICY OF THE COMPANY.

For and on behalf of CSR Committee

For Cholamandalam MS General Insurance Company Limited

M M Murugappan
Chairman

S S Gopalarathnam
Managing Director

Date: May 19, 2020
Place: Chennai

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U66030TN2001PLC047977
Registration Date	November 2, 2001
Name of the Company	Cholamandalam MS General Insurance Company Limited
Category / Sub-Category of the Company	Company limited by shares / Indian non-government Company
Address of the Registered office and contact details	Dare House, II Floor, NSC Bose Road, Parrys, Chennai – 600001 Phone: 044 40445400; Fax: 044 40445550
Whether listed company	No *
Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited (formerly Karvy Fintech Private Limited) Karvy Selenuim, Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad -500032 Tel.: +91-40-67162222

* Non-Convertible Debentures of the Company are listed on the Debt Wholesale Market segment of National Stock Exchange of India

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
Cholamandalam Financial Holdings Limited (formerly TI Financial Holdings Limited), Dare House, No.234, NSC Bose Road, Chennai 600001	L65100TN1949PLC002905	Holding Company	59.9%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):

(I) CATEGORY-WISE SHAREHOLDING

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corporate	559	179282861	179283420	60	179283420	–	179283420	60	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	559	179282861	179283420	60	179283420	–	179283420	60	–

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

(II) SHAREHOLDING OF PROMOTERS:

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Cholamandalam Financial Holdings Limited (formerly TI Financial Holdings Limited)	179282861	59.9	–	179282861	59.9	–	–
2	Mitsui Sumitomo Insurance Company Limited	119522280	40	–	119522280	40	–	–
3	Kartik Investments Trust Limited	103	–	–	103	–	–	–
4	Ambadi Enterprises Limited	112	–	–	112	–	–	–
5	Ambadi Investments Limited	223	–	–	223	–	–	–
6	Murugappa Management Services Limited	111	–	–	111	–	–	–
7	Chola People and Marketing Services Private Limited	10	–	–	–	–	–	–
8	Parrys Investments Limited	–	–	–	10	–	–	–

(III) CHANGE IN PROMOTERS' SHAREHOLDING:

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
Chola People and Marketing Services Pvt. Ltd.				
At the beginning of the year	10	–	NA	NA
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	31.03.2020 Transfer of 10 equity shares	–	–	–
At the End of the year	NA	NA	–	–
Parry Investments Limited				
At the beginning of the year	–	–	NA	NA
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	31.03.2020 Transfer of 10 equity shares	–	10	–
At the End of the year	NA	NA	10	–

(IV) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

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

(V) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

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

V. INDEBTEDNESS:

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

(Rs. in Lakh)

For each of the Directors and KMP	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	10000	-	10000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	304.45	-	304.45
Total (i+ii+iii)	-	10304.45	-	10304.45
Change in indebtedness during the financial year				
Addition	-	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	10000	-	10000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	304.45	-	304.45
Total (i+ii+iii)	-	10304.45	-	10304.45

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Wholtime Directors and / or Manager:

(Rs. in Lakh)

Sl No.	Particulars of Remuneration	Mr. S S Gopalarathnam, Managing Director
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	427.97
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961	0.74
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- Others, specify...	-
5	Others, please specify	-
	Total	428.71
	Ceiling as per the Act	1,340.81

B. Remuneration to other directors:**1. Independent Directors**

(Rs. in Lakh)

SI No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Margam Rama Prasad	Mr. NSR Chandra Prasad *	Ms. Shubhalakshmi Panse **	Mr. K L R Babu ***	
1	Fee for attending Board / Committee meetings	3.35	1.80	2.65	2.10	9.90
2	Commission #	7.50	7.50	7.50	–	22.50
3	Others, please specify	–	–	–	–	–
	Total (1)	10.85	9.30	10.15	2.10	32.40

Note: Ms. K Ramadevi was appointed as Independent Director with effect from February 19, 2020 and was not paid any remuneration during the year FY 2019-20

* Ceased to be a director with effect from July 23, 2019

** Ceased to be a director with effect from November 20, 2019

*** Appointed as director with effect from October 29, 2019

Commission paid during the year for FY 2018-19

2. Other Non-Executive Directors

(Rs. in Lakh)

SI No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. M M Murugappan	Mr. N Srinivasan*	Mr. Sridharan Rangarajan **	Mr. Tamaki Kawate @	Mr. Hideo Yoshida @@	
1	Fee for attending Board / Committee meetings	4.40	–	6.05	–	4.25	14.70
2	Commission #	7.50	2.40	3.27	7.50	–	20.67
3	Others, please specify	–	–	–	–	–	–
	Total (2)	11.90	2.40	9.32	7.50	4.25	35.37
	Total (B)=(1+2)						67.77
	Overall ceiling as per the Act						268.16

* Ceased to be a director with effect from July 26, 2018

@ Ceased to be a director with effect from March 31, 2019

** Appointed on the Board with effect from October 24, 2018

@@ Appointed on the Board with effect from April 1, 2019

Commission paid during the year for FY 2018-19

C. Remuneration To Key Managerial Personnel Other Than MD / Manager / WTD:

(Rs. in Lakh)

SI No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
		Mr. Suresh Krishnan, Company Secretary	Mr. S Venugopalan, Chief Financial Officer	
1	Gross salary	74.90	107.28	182.18
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	4.22	0.50	4.72
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–
	Stock Option	–	–	–
	Sweat Equity	–	–	–
	Commission	–	–	–
	- as % of profit	–	–	–
	- others	–	–	–
	Others, please specify	–	–	–
	Total	79.12	107.78	186.90

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties / punishments / compounding of offences for breach of any section of the Companies Act against the Company or its Directors or other officers in default for the year ending March 31, 2020.

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, 2020

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 2020 as compared to FY 2019	Ratio of Remuneration to Median Remuneration of employees
	Mr. M M Murugappan, Non-Executive Chairman	66.9 *	1.12:1
	Mr. Margam Rama Prasad, Independent Director	23.44 *	1.02:1
	Ms. Shubhalakshmi Panse, Independent Director (till November 20, 2019)	NA since served only for a part of the FY	0.96:1
	Mr. N S R Chandra Prasad, Independent Director (till July 23, 2019)	NA since served only for a part of the FY	0.88:1
	Mr. K L R Babu, Independent Director (from October 29, 2019)	NA since served only for a part of the FY	0.20:1
	Ms. Kasivajula Ramadevi, Independent Director (from February 19, 2020)	NA since served only for a part of the FY	-
	Mr. Sridharan Rangarajan, Non-Executive Director	NA since served only for a part of the previous FY	0.88:1
	Mr. Hideo Yoshida, Non-Executive Director	NA since served only in this FY	0.40:1
	Mr. S S Gopalathnam, Managing Director	-13.25	40.41:1
	Mr. Takashi Kishi, Wholetime Director	-	-
* Mr. M M Murugappan and Mr. Margam Rama Prasad have received Commission on proportionate basis based on the number of days in office of director in FY 2017-18 which was paid in FY 2018-19. They have received the full commission for FY 2018-19 in FY 2019-20.			
b) Percentage increase in remuneration of CFO, CS in the financial year	Name / Designation	% increase in remuneration in 2020 as compared to 2019	
	Mr. S Venugopalan, Chief Financial Officer	-5.57	
	Mr. Suresh Krishnan, Company Secretary	-4.18	
Nature of Disclosure	Particulars		
c) Percentage increase in median remuneration of employees in the financial year	6.28% increase in median remuneration		
d) Number of permanent employees in the rolls of Company as on March 31, 2020	651		
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	For employees other than managerial personnel who were in employment for the whole of FY 19 and FY 20, the average increase is 6.17%. The average remuneration of managerial personnel decreased by 10.90%.		
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		

Place: Chennai
Date: May 19, 2020

On behalf of the Board

M M Murugappan
Chairman

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 2020-21.
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, 2020.
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, 2020, 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 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, 2020, March 31, 2019, March 31, 2018, March 31, 2017 and March 31, 2016 is detailed in Annexure 1.
10. As at March 31, 2020, 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, other investments, property and listed equity shares. The investments in Government securities, housing, infrastructure and other corporate bonds are considered as "held to maturity" and are measured at historical cost subject to amortization. Investments in fixed deposits of banks are measured at face value. Investments in listed equity shares are measured at the last quoted price and the unrealised gain / loss credited to Fair Value Change Account except where the extent of diminution in value is considered other than temporary in value in which case an appropriate level of provisioning is carried.

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

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 is no other material departure from the accounting standards and generally accepted accounting principles in the general insurance industry.

b) The Company has adopted accounting policies and applied them consistently (including those specifically required by various IRDA regulations) and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as of March 31, 2020, and of the profit for the year ended March 31, 2020.

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, the Company has realisable Outstanding Premium from Central & State Governments under Rashtriya Swastha Bima Yojana Scheme / Prime Minister Fasal Bima Yojana (PMFBY)/ Weather Insurance Schemes (Schedule 12 to the financial statements) beyond 30 days being the time limit prescribed under Rule 59 (a) of the Insurance Rules, 1939. The Company has represented to IRDA through the General Insurance Council for relaxation of norms for such dues from the Government.

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

For and on behalf of the Board of Directors

M M Murugappan
Chairman

S S Gopalarathnam
Managing Director

Sridharan Rangarajan
Director

Takashi Kishi
Wholetime Director

Suresh Krishnan
Company Secretary

S Venugopalan
Chief Financial Officer

Date: May 19, 2020
Place: Chennai

MANAGEMENT REPORT

ANNEXURE

TREND OF CLAIMS SETTLEMENT FOR THE LAST FIVE FINANCIAL YEARS

(Rs.in Lakhs)

Period	No. of Claims								
	Engg	Fire	Liability	Marine	Misc	Accident	Health	Travel	Motor
30 days									
2019-20	531	604	1093	25207	2255	840	34229	32	121108
2018-19	241	810	1392	19451	1187	1055	24130	37	85621
2017-18	327	247	819	18748	599	1114	21476	28	73203
2016-17	172	131	300	15450	305	790	16564	40	72158
2015-16	167	628	34	12,667	521	701	12,994	28	52,168
30 days to 6 months									
2019-20	482	1177	77	6103	1350	923	1287	24	47318
2018-19	564	2083	103	5948	1429	889	738	60	34112
2017-18	362	1345	284	4611	931	794	445	64	35341
2016-17	444	577	231	5523	1208	863	3281	67	33450
2015-16	488	646	152	5,036	959	916	8,395	63	25,597
6 months to 1 year									
2019-20	51	182	10	384	65	24	6	5	4124
2018-19	80	151	22	538	47	54	26	5	4179
2017-18	78	354	42	463	44	88	1	7	4317
2016-17	97	164	37	650	70	62	36	13	4115
2015-16	95	116	17	302	22	59	465	8	3,953
1 year to 5 years									
2019-20	30	23	5	34	9	7	0	2	4901
2018-19	18	21	10	61	0	6	92	4	5311
2017-18	15	165	29	81	14	19	0	6	5698
2016-17	15	39	13	133	8	18	160	18	5942
2015-16	41	29	5	113	44	22	521	2	6,473
5 years and above									
2019-20	0	1	0	2	0	0		0	502
2018-19	1	3	1	1	0	5	0	0	478
2017-18	2	7	2	3	0	15	0	1	479
2016-17	0	4	1	10	2	12	2	1	392
2015-16	5	8	54	17	13	14	3	-	1,602

MANAGEMENT REPORT

ANNEXURE

TREND OF CLAIMS SETTLEMENT FOR THE LAST FIVE FINANCIAL YEARS

(Rs.in Lakhs)

Period	Amount Claimed								
	Engg	Fire	Liability	Marine	Misc	Accident	Health	Travel	Motor
30 days									
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
2015-16	28	281	7	489	1,705	867	3,810	20	11,180
30 days to 6 months									
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
2015-16	349	3,054	67	3,022	7,925	1,670	3,062	121	28,234
6 months to 1 year									
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
2015-16	331	1,665	98	1,121	442	120	60	37	13,963
1 year to 5 years									
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
2015-16	422	1,164	36	944	8,832	67	130	49	29,628
5 years and above									
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
2015-16	6	63	25	19	2	17	4	0	2,361

FINANCIAL STATEMENTS

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

Sharp & Tannan
Chartered Accountants
Parsn Manere, A4, 3rdFloor,
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, 2020, 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 and 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, 2020;
- 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 MATTERS

- We draw your attention to note 7 of Schedule 16 - Notes to financial statements on investments in debt securities of certain companies having a net carrying amount of Rs. 1,753,804 thousand as at March 31, 2020. These investee companies have defaulted in certain securities on repayment of principal and payment of interest to the Company / credit rating downgraded to default category. While the Company has classified these investments as per Prudential Norms for Income Recognition, Asset Classification, Provisioning and Other Related Matters in respect of Debt Portfolio issued by the IRDAI as at March 31, 2020 and made provisions for diminution / made write offs in value of these investments resulting in the above mentioned net carrying amount, the recoverability of these investments is dependent upon the resolution / restructuring / recovery process initiated by the respective stakeholders of such investee companies. Our opinion is not modified in this regard.

b) We draw your attention to note 29 of Schedule 16 of 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 carrying value of assets and liabilities of the Company as on the reporting date or any adverse impact on ability of the

Company to continue as a going concern. Considering the uncertainties prevailing in the economic conditions globally and in India, such impact assessment done by the management of the Company is highly 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 judgement, 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.

S NO	KEY AUDIT MATTER	OUR AUDIT PROCEDURES RELATED TO KEY AUDIT MATTER
1	<p>Valuation of investments</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, 2020 was INR 90,784,648 thousand which is approximately 86% of assets of the Company. The assessment of the value of investment 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 / IRDAI regulation. 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 application 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 valuation the 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 are verified on a 100% basis 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.

S NO	KEY AUDIT MATTER	OUR AUDIT PROCEDURES RELATED TO KEY AUDIT MATTER
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 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 Rs. 53,480,159 thousand (net of RI recoveries) as on March 31, 2020.</p>	<p>In relation to this area, our audit response included the following:</p> <ul style="list-style-type: none"> • We 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; • We 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 insurance data provided by the Management to the Appointed Actuary on a sample basis; • We assessed the adequacy of Company's related disclosures by reference to relevant accounting standards and IRDA 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, 2020 is Rs. 4,417,145 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"> • We reviewed the details of pending tax demands as at March 31, 2020. • We involved our internal experts to consider legal precedence and other rulings in evaluating the Management's position on these uncertain tax positions. • We also reviewed Company's correspondences with tax authorities, legal counsels, grounds of appeal filed with various appellate authorities and industry position on various tax disputes. • We also 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 Director's 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 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 judgements 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 are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENT

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 judgement 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 control
- 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'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 May 19, 2020, 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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.

- I. 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 and to the best of our information and according to the explanations given to us:
- (i) the Company has disclosed the impact of pending litigations on its financial position in 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

For Sharp & Tannan
Chartered Accountants
Registration No.003792S

K. Venkatakrishnan
Partner
Membership No. 208591
UDIN: 20208591AAAABG6064

V. Viswanathan
Partner
Membership No. 215565
UDIN: 20215565AAAAAP4840

Place: Chennai
Date: May 19, 2020

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, 2020 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 Regulations"), circulars / orders / directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI"/ "Authority") and the provisions of Section 129 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 basis 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, 2020,

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. Venkatakishnan

Partner
Membership No. 208591
UDIN: 20208591AAAABG6064

V. Viswanathan

Partner
Membership No. 215565
UDIN: 20215565AAAAAP4840

Place: Chennai
Date: May 19, 2020

INDEPENDENT AUDITORS' 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.
- i. we have reviewed the management report attached to the financial statements for the financial year ended March 31, 2020 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 not physically verified the cash balances at the corporate office of the Company and any branch offices as at March 31, 2020 as there was country-wide lockdown due to COVID-19 pandemic. We have relied upon the confirmations provided by the respective custodian of cash balances for reporting on the cash balance as at March 31, 2020. We have relied upon confirmations received from the custodian and / or depository participants appointed by the Company in respect of the investments held by the Company as on that date;
- 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.
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") 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.

MANAGEMENT'S RESPONSIBILITY FOR THE STATEMENT

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, 2020, we certify that:

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: 20208591AAAABG6064

V. Viswanathan
Partner
Membership No. 215565
UDIN: 20215565AAAAAP4840

Place: Chennai
Date: May 19, 2020

FORM B-BS

Registration No.123

Date of Registration with the IRDA July 15, 2002

BALANCE SHEET AS AT MAR 31, 2020			
Particulars	Schedule	As at Mar 31, 2020	(Rs. '000) As at Mar 31, 2019
SOURCES OF FUNDS			
Share Capital	5	29,88,057	29,88,057
Reserves and Surplus	6	1,30,40,879	1,15,46,479
Fair Value Change Account - Share Holders		(23,274)	14,934
Fair Value Change Account - Policy Holders		(2,64,865)	1,29,537
Borrowings	7	10,00,000	10,00,000
TOTAL		1,67,40,797	1,56,79,007
APPLICATION OF FUNDS			
Investments - Share Holders	8	72,84,891	78,48,896
Investments - Policy Holders	8A	8,34,99,757	6,81,12,082
Loans	9		
Fixed Assets	10	7,23,614	6,86,952
Deferred Tax Asset (Refer Note 18 of Schedule16)		16,01,757	16,23,357
Current Assets			
Cash and Bank Balances	11	4,15,269	6,38,287
Advances and Other Assets	12	1,18,93,956	1,20,33,525
Sub-Total (A)		1,23,09,225	1,26,71,812
Current Liabilities	13	6,61,94,402	5,25,92,609
Provisions	14	2,24,84,046	2,26,71,483
Sub-Total (B)		8,86,78,448	7,52,64,092
Net Current Assets (C) = (A - B)		(7,63,69,223)	(6,25,92,280)
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit and Loss Account (net of reserves)		-	
TOTAL		1,67,40,797	1,56,79,007
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

S S Gopalarathnam
Managing Director

K. Venkatakrishnan
Partner
M. No.208591

V Viswanathan
Partner
M. No. 215565

Sridharan Rangarajan
Director

Takashi Kishi
Wholetime Director

Place: Chennai
Date : May 19,2020

Suresh Krishnan
Company Secretary

S Venugopalan
Chief Financial Officer

FORM B-PL

Registration No.123

Date of Registration with the IRDA July 15, 2002

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MAR 31, 2020		
Particulars	Year Ended Mar 31, 2020	(Rs. '000) Year Ended Mar 31, 2019
1 OPERATING PROFIT/(LOSS)		
(a) Fire Insurance	7,10,039	11,07,857
(b) Marine Insurance	63,305	56,086
(c) Miscellaneous Insurance	46,16,851	14,17,157
2 INCOME FROM INVESTMENTS		
(a) Interest and Dividend – Gross of TDS	4,63,498	5,20,370
(b) Profit on Sale of Investments	1,42,792	23,866
Less: Loss on Sale of Investments	-	-
3 OTHER INCOME	-	-
TOTAL (A)	59,96,485	31,25,336
4 PROVISIONS (Other than Taxation)		
(a) For Diminution in the Value of Investments	(28,917)	65,430
(b) For Doubtful Debts/Investments (Refer Note 7 of Schedule 16)	15,73,243	1,50,528
(c) Others	1,233	-
5 OTHER EXPENSES		
(a) Expenses Other Than those Related to Insurance Business	78,149	-
(b) Employees' Remuneration and Welfare Benefits	27,871	38,876
(c) Bad Debts/Investments Written Off (Refer Note 7 of schedule 16)	7,77,342	2,20,000
(d) Interest on Debenture & Debenture issue Related expenses	87,500	87,669
(e) Others - CSR Expenses & Donations (Refer Note 26 of schedule 16)	57,469	56,947
(f) Contribution to Policholders Funds towards Excess EoM	8,76,595	-
TOTAL (B)	34,50,485	6,19,450
Profit Before Tax	25,46,000	25,05,886
Provision for Taxation		
Current Tax	10,30,000	15,66,876
Deferred Tax (Refer Note 18 of schedule 16)	21,600	(8,50,362)
Profit After Tax	14,94,400	17,89,372
APPROPRIATIONS		
(a) Interim Dividends Paid During the Year	-	-
(b) Final Dividend Paid	-	(1,79,283)
(c) Dividend Distribution Tax Paid	-	(36,852)
(d) Transfer to Contingency Reserve for Unexpired Risks	-	-
(e) Transfer to General Reserve	(10,00,000)	(10,00,000)
(f) Transfer to Debenture Redemption Reserve	-	(1,00,000)
Balance of Profit Brought Forward from Previous Year	45,66,267	40,93,030
Balance Carried Forward to Balance Sheet	50,60,667	45,66,267
Earnings Per Share - Basic & Diluted (Rs.) (Refer Note 17 of Schedule 16)	5.00	5.99
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.002785S

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

M M Murugappan
Chairman

S S Gopalathnam
Managing Director

Suresh Krishnan
Company Secretary

K. Venkatakrishnan
Partner
M. No.208591

V Viswanathan
Partner
M. No. 215565

Sridharan Rangarajan
Director

Takashi Kishi
Wholetime Director

S Venugopalan
Chief Financial Officer

Place: Chennai
Date : May 19,2020

RECEIPTS AND PAYMENTS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Rs. '000)

Particulars	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019
Cash Flows from Operating Activities		
Receipts from Policyholders - Premium on Direct Business	5,06,95,295	4,55,45,898
Other Receipts	88,99,191	67,01,661
Direct Claims Paid	(2,36,18,993)	(2,23,73,134)
Receipts / (Payments) from / to Reinsurers (Net)	(12,05,816)	(22,16,136)
Receipts / (Payments) from / to Co-insurers (Net)	(2,840)	(13,486)
Operating Expenses Paid	(1,21,52,380)	(78,54,265)
Commission Payments	(32,95,124)	(26,68,249)
Deposits and Advances recovered/(Given) (Net)	4,23,335	(1,25,680)
Taxes Paid	(18,83,936)	(17,36,944)
GST/Service Tax Paid	(92,81,211)	(75,82,885)
Net Cash Flows from Operating Activities	85,77,521	76,76,779
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(2,68,738)	(1,89,544)
Proceeds on Disposal of Fixed Assets	3,082	19,035
Purchase of Investments	(26,16,90,670)	(15,61,49,531)
Sale of Investments	24,67,89,686	14,40,35,398
Rents/Interest/ Dividends Received	65,06,155	49,32,325
Expenses Related to Investments	(52,675)	(9,786)
BG deposits placed with banks	-	(137)
Net Cash Flows used in Investing Activities	(87,13,159)	(73,62,240)
Cash Flows in Financing Activities		
Proceeds from Issue of NCDs	-	-
Dividend paid including Distribution tax paid	-	(2,16,136)
Interest paid on NCD	(87,379)	(87,500)
Net Cash Flows Used in Financing Activities	(87,379)	(3,03,636)
Net Increase in Cash and Cash Equivalents	(2,23,018)	10,903
Cash and Cash Equivalents at Beginning of the Year	6,32,250	6,21,347
Cash and Cash Equivalents at End of the Year	4,09,232	6,32,250

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

Particulars	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019
Cash and cash equivalents as per Financial statements	4,15,269	6,38,287
Less: Deposits given on Bank Guarantee	6,037	6,037
Cash and cash equivalents as per Receipts and Payment account	4,09,232	6,32,250

2. The operating expenses payments include CSR payments of Rs. 57,469 thousands (Previous year - 56,947 thousands)

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

S S Gopalarathnam
Managing Director

Suresh Krishnan
Company Secretary

K. Venkatakrishnan
Partner
M. No.208591

V Viswanathan
Partner
M. No. 215565

Sridharan Rangarajan
Director

Takashi Kishi
Wholtime Director

S Venugopalan
Chief Financial Officer

Place: Chennai
Date : May 19,2020

FORM B-RA

Registration No.123

REVENUE ACCOUNT FOR THE YEAR ENDED MAR 31,2020

Date of Registration with the IRDA July 15, 2002
(Rs. '000)

Particulars	Schedule	Fire Business		Marine Business		Miscellaneous Business		Total	
		Year Ended Mar 31, 2020	Year Ended Mar 31, 2019	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019
Premiums Earned (Net)	1	9,59,057	9,26,409	1,99,862	1,84,285	3,32,11,105	2,93,88,248	3,43,70,024	3,04,98,942
Profit / Loss on Sale / Redemption of Investments (Net)		62,354	7,473	4,116	474	15,70,220	1,99,164	16,36,690	2,07,111
Others									
Administrative Charges		1,984	913	789	584	266	322	3,039	1,819
Investment income from pool (Terrorism pool)		31,474	62,036	-	-	3,329	16,982	34,803	79,018
Contribution from Shareholders Funds towards Excess EOM		-	-	-	-	8,76,595	-	8,76,595	-
Interest and Dividend (Gross of TDS)		2,02,399	1,62,947	13,360	10,325	50,98,492	43,71,984	53,14,251	45,45,256
TOTAL (A)		12,57,268	11,59,778	2,18,127	1,95,668	4,07,60,007	3,39,76,700	4,22,35,402	3,53,32,146
Claims Incurred (Net)	2	4,05,524	3,69,535	1,15,181	1,08,667	2,52,52,110	2,28,76,793	2,57,72,815	2,33,54,995
Commission (Net)	3	(99,075)	(5,17,575)	(45,368)	(50,135)	6,64,030	6,94,945	5,19,587	1,27,235
Operating Expenses Related to Insurance Business	4	2,40,780	1,99,961	85,009	81,050	1,02,27,016	89,87,805	1,05,52,805	92,68,816
Premium Deficiency		-	-	-	-	-	-	-	-
TOTAL (B)		5,47,229	51,921	1,54,822	1,39,582	3,61,43,156	3,25,59,543	3,68,45,207	3,27,51,046
Operating Profit (A - B)		7,10,039	11,07,857	63,305	56,086	46,16,851	14,17,157	53,90,195	25,81,100
APPROPRIATIONS									
Transfer to Shareholders' Account		7,10,039	11,07,857	63,305	56,086	46,16,851	14,17,157	53,90,195	25,81,100
Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
Transfer to Other Reserves		-	-	-	-	-	-	-	-
TOTAL (C)		7,10,039	11,07,857	63,305	56,086	46,16,851	14,17,157	53,90,195	25,81,100

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

K. Venkatakrishnan
Partner
M. No.208591

Place: Chennai
Date : May 19,2020

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

V Viswanathan
Partner
M. No. 215565

For and on behalf of the Board of Directors

M M Murugappan
Chairman

Sridharan Rangarajan
Director

S S Gopalathnam
Managing Director

Takashi Kishi
Wholetime Director

S Venugopalan
Chief Financial Officer

Suresh Krishnan
Company Secretary

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Schedule 1 - Premium Earned (Net)

(Rs. '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019
Premium from Direct Business Written	33,99,593	26,46,146	8,96,465	7,49,944	3,96,88,875	4,08,85,509	4,39,84,933	4,42,81,599
Add: Premium on Reinsurance Accepted	87,451	81,582	-	-	27,261	27,939	1,14,712	1,09,521
Less: Premium on Reinsurance Ceded	20,44,451	20,96,315	6,74,467	5,59,565	72,88,777	82,12,021	1,00,07,695	1,08,67,901
Net Premium	14,42,593	6,31,413	2,21,998	1,90,379	3,24,27,359	3,27,01,427	3,40,91,950	3,35,23,219
Adjustment for Change in Provision for Unexpired Risks	4,83,536	(2,94,996)	22,136	6,094	(7,83,746)	33,13,179	(2,78,074)	30,24,277
Total Premium Earned (Net)	9,59,057	9,26,409	1,99,862	1,84,285	3,32,11,105	2,93,88,248	3,43,70,024	3,04,98,942
Note:								
Premium Income from business effected:								
In India	9,59,057	9,26,409	1,99,862	1,84,285	3,32,11,105	2,93,88,248	3,43,70,024	3,04,98,942
Outside India	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	9,59,057	9,26,409	1,99,862	1,84,285	3,32,11,105	2,93,88,248	3,43,70,024	3,04,98,942

Schedule 2 - Claims Incurred (Net)

(Rs. '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019
Claims Paid								
Direct	6,12,748	14,82,200	6,23,310	4,45,611	2,24,61,309	2,04,73,206	2,36,97,367	2,24,01,017
Add: Reinsurance Accepted	(1,331)	5,980	-	-	(19)	942	(1,350)	6,922
Less: Reinsurance Ceded	2,65,221	11,46,346	5,15,341	3,47,201	83,13,173	67,14,072	90,93,735	82,07,619
Net Claims Paid	3,46,196	3,41,834	1,07,969	98,410	1,41,48,117	1,37,60,076	1,46,02,282	1,42,00,320
Add : Claims Outstanding at the end 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
Less: Claims Outstanding at the beginning of the year (including the estimates of IBNR and IBNER) (Net) **	2,27,520	1,99,819	57,775	47,518	4,20,24,258	3,29,07,541	4,23,09,553	3,31,54,878
Total Claims Incurred (Net)	4,05,524	3,69,535	1,15,181	1,08,667	2,52,52,110	2,28,76,793	2,57,72,815	2,33,54,995
Note:								
Claims, less reinsurance, paid to claimants in India	3,46,196	3,41,834	1,07,969	98,410	1,41,48,117	1,37,60,076	1,46,02,282	1,42,00,320
Outside India	-	-	-	-	-	-	-	-
* Estimates of IBNR and IBNER at end 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
** Estimates of IBNR and IBNER at beginning of the year	95,540	52,340	73,240	68,919	2,28,43,207	1,75,10,295	2,30,11,987	1,76,31,554

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Schedule 3 - Commission (Net)		(Rs. '000)					
Particulars	Fire Business		Marine Business		Miscellaneous Business		Total
	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019	Year Ended Mar 31, 2020
Commission Paid							
Direct	3,06,903	4,27,544	54,140	39,320	29,08,197	22,65,593	32,69,240
Add: Reinsurance Accepted	2,770	1,326	-	-	332	274	3,102
Less: Commission on Reinsurance Ceded	4,08,748	9,46,445	99,508	89,455	22,44,499	15,70,922	27,52,755
Net Commission	(99,075)	(5,17,575)	(45,366)	(50,135)	6,64,030	6,94,945	5,19,587
Agents	6,623	5,149	2,265	2,500	32,132	37,855	41,020
Brokers	84,671	89,220	37,256	23,909	8,82,378	7,48,614	10,04,305
Corporate Agency	2,15,610	3,33,176	14,619	12,912	19,93,687	14,79,124	22,23,916
Referral							-
Total	3,06,903	4,27,544	54,140	39,320	29,08,197	22,65,593	32,69,240
							27,32,458



SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Schedule 4 - Operating Expenses Related to Insurance Business

(Rs. '000)

Particulars	Fire Business		Marine Business		Miscellaneous Business		Total	
	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019	Year Ended Mar 31, 2020	Year Ended Mar 31, 2019
1 Employees' Remuneration and Welfare Benefits	53,168	30,986	38,015	40,723	12,51,954	10,81,540	13,43,137	11,53,249
2 Travel, Conveyance and Vehicle Running Expenses	4,965	3,620	2,944	4,057	1,19,397	1,17,468	1,27,306	1,25,145
3 Training Expenses	1,236	689	190	208	27,790	35,662	29,216	36,559
4 Rent, Rates and Taxes	5,233	2,023	805	610	1,17,640	1,04,786	1,23,678	1,07,419
5 Repairs	1,276	462	196	139	28,674	23,939	30,146	24,540
6 Printing and Stationery	2,005	942	309	284	45,073	48,770	47,387	49,996
7 Communication	3,561	1,517	548	457	80,040	78,572	84,149	80,546
8 Legal and Professional Charges	3,087	1,286	475	388	69,385	66,587	72,947	68,261
9 Auditors' Fees and Expenses								
As Auditors	112	50	17	15	2,511	2,575	2,640	2,640
As adviser or in any other capacity in respect of								
- taxation matters	16	7	2	2	352	361	370	370
- Certification	57	22	9	7	1,273	1,133	1,339	1,162
Out of Pocket Expenses	2	1	-	-	48	49	50	50
10 Advertisement and Publicity	17,821	21,091	2,296	6,347	19,61,861	23,66,273	19,81,978	23,93,711
11 Interest and Bank Charges	4,347	1,828	669	551	97,725	94,649	1,02,741	97,028
12 Others								
Power and Electricity	1,539	631	237	190	34,590	32,695	36,366	33,516
Information Technology Expenses	17,377	6,195	2,674	1,868	3,90,606	3,20,858	4,10,657	3,28,921
Marketing Expenses	51,030	89,413	24,212	13,528	43,33,944	30,93,340	44,09,186	31,96,281
Operating Lease Charges	3,052	793	470	239	68,605	41,053	72,127	42,085
IRDA Registration renewal fees	937	387	144	117	21,060	20,020	22,141	20,524
Service Tax/GST Expense	-	-	-	-	5,000	39,000	5,000	39,000
Outsourcing Expenses	41,196	19,551	8,016	8,512	11,61,133	9,33,839	12,10,345	9,61,902
Net Exchange (Gain) / Loss	1	-	-	-	22	19	23	19
Co-insurance Administrative Charges	209	56	32	17	4,689	2,912	4,930	2,985
Terrorism Pool - Management Expenses	10,690	9,154	-	-	2,101	2,276	12,791	11,430
IMTPIP / DR Pool - Administrative Expenses	-	-	-	-	-	-	-	-
Miscellaneous Expenses (Net) (Note below)	8,081	5,316	1,244	1,603	1,81,649	2,75,298	1,90,974	2,82,217
13 Depreciation	9,782	3,941	1,505	1,188	2,19,894	2,04,131	2,31,181	2,09,260
Total	2,40,780	1,99,961	85,009	81,050	1,02,27,016	89,87,805	1,05,52,805	92,68,816
Less: Write Back of Provision no longer required	-	-	-	-	-	-	-	-
Note: Miscellaneous Expenses are net of Assets (Net)								
(a) Profit / (loss) on sale of Fixed Assets (Net)	103	18	16	5	2,311	910	2,430	933

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Schedule 5 - Share Capital

(Rs. '000)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
1 Authorised Capital		
324,000,000 (Previous Year: 324,000,000) Equity Shares of Rs.10 each	32,40,000	32,40,000
2 Issued Capital		
298,805,700 (Previous Year: 298,805,700) Equity Shares of Rs.10 each	29,88,057	29,88,057
3 Subscribed Capital		
298,805,700 (Previous Year: 298,805,700) Equity Shares of Rs.10 each	29,88,057	29,88,057
4 Called-up Capital		
298,805,700 (Previous Year: 298,805,700) Equity Shares of Rs.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 5A - Shareholding Pattern [As certified by the Management]

(Rs. '000)

Particulars	As at Mar 31, 2020		As at Mar 31, 2019	
Shareholder Category	Number of Shares	% of Holding	Number of Shares	% of Holding
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

(Rs. '000)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
1 Capital Reserve	-	-
2 Capital Redemption Reserve	-	-
3 Share Premium	14,32,645	14,32,645
4 General Reserve	53,47,567	
Add: (a) Transfer from Contingency Reserve for Unexpired Risks		
(b) Transfer from Profit and Loss Account	10,00,000	53,47,567
5 Catastrophe Reserve	-	-
6 Contingency Reserve for Unexpired Risks	-	-
7 Balance of Profit in Profit & Loss Account	50,60,667	45,66,267
8 Debenture Redemption Reserve (Refer Note 5 of Schedule 16)	2,00,000	2,00,000
Total	1,30,40,879	1,15,46,479

Schedule 7 - Borrowings

(Rs. '000)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
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

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Schedule 8 - Investments - Shareholders

(Rs. '000)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Long Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	50,67,652	31,50,870
Other Approved Securities	-	-
Approved Investments		
- Debentures/Bonds	5,97,088	19,75,628
- Fixed Deposits with Banks	6,259	-
- Equity Shares (Net of Fair Value Change)	60,548	1,40,690
- Investment Properties - Real Estate	23,130	29,784
Investments in Infrastructure and Social Sector	4,15,207	13,53,740
Investments in Alternate Investment funds	10,681	15,499
Other than Approved Investments		
- Debentures/Bonds	2,63,163	4,06,513
Less : Provision for Impairment	(77,059)	(11,366)
- Debentures/Bonds (Net of Impairment)	1,86,104	3,95,147
- Equity Shares (Net of Fair Value Change)	2,246	13,660
Total (A)	63,68,915	70,75,018
Short Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	-	10,354
Other Approved Securities	-	-
Approved Investments		
- Debentures/Bonds	5,31,468	4,57,294
- Fixed Deposits with Banks	1,74,506	56,830
- Money market instruments	-	-
- Mutual Funds (Liquid Schemes)	69,011	74,479
Investments in Infrastructure and Social Sector	1,38,075	72,446
Other Than Approved Investments - Debentures/Bond	64,259	1,06,091
Less : Provision for Impairment	(61,344)	(3,616)
- Debentures/Bonds (Net of Impairment)	2,915	1,02,474
Total (B)	9,15,975	7,73,878
Total (A) + (B)	72,84,891	78,48,896

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 (Rs. '000) :
- The Cost given in the Note below is excluding the provisions considered for stressed assets.

Particulars	As at Mar 31, 2020		As at Mar 31, 2019	
	Cost	Market Value	Cost	Market Value
a) Equity Shares listed	90,337	62,714	1,48,416	1,54,350
b) Mutual Funds	69,010	69,011	74,396	74,479
c) Government and other securities	50,67,652	51,48,754	31,61,224	31,95,743
d) Fixed Deposit with Banks	1,80,765	1,80,765	56,830	56,830
e) Corporate Bonds	20,09,260	17,53,927	43,71,711	43,55,862
f) Money Market Instruments	-	-	0	0
g) Investment Properties - Real Estate	23,130	19,981	29,784	27,568
h) Investment in AIF	10,681	10,681	15,499	15,499
	74,50,835	72,45,833	78,57,861	78,80,332

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Schedule 8A - Investments - Policyholders

(Rs. '000)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Long Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	5,80,85,655	2,73,42,992
Other Approved Securities	-	-
Approved Investments		
- Debentures/Bonds	68,43,851	1,71,44,340
- Fixed Deposits with Banks	71,741	-
- Equity Shares (Net of Fair Value Change)	6,94,008	12,20,895
- Investment Properties - Real Estate	2,65,121	2,58,467
Investments in Infrastructure and Social Sector	47,59,122	1,17,47,643
Unclaimed Policyholders Fund - Bank Deposits	-	-
Investments in Alternate Investment funds	1,22,430	1,34,501
Other than Approved Investments		
- Debentures/Bonds	30,16,383	35,27,687
Less : Provision for Impairment	(8,83,250)	(98,634)
- Debentures/Bonds (Net of Impairment)	21,33,133	34,29,053
- Equity Shares (Net of Fair Value Change)	25,743	1,18,544
Total (A)	7,30,00,804	6,13,96,435
Short Term Investments		
Government Securities and Government Guaranteed Bonds including Treasury Bills	-	89,851
Other Approved Securities	-	-
Approved Investments		
- Debentures/Bonds	60,91,714	39,68,356
- Fixed Deposits with Banks	20,00,194	4,93,170
- Money market instruments	-	-
- Mutual Funds (Liquid Schemes)	7,91,006	6,46,324
Investments in Infrastructure and Social Sector	15,82,623	6,28,685
Other Than Approved Investments - Debentures/Bond	7,36,542	9,20,645
Less : Provision for Impairment	(7,03,125)	(31,384)
- Debentures/Bonds (Net of Impairment)	33,417	8,89,261
Total (B)	1,04,98,954	67,15,647
Total (A) + (B)	8,34,99,757	6,81,12,082

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 (Rs. '000) :

The Cost given in the Note below is excluding the provisions considered for stressed assets.

Particulars	As at Mar 31, 2020		As at Mar 31, 2019	
	Cost	Market Value	Cost	Market Value
a) Equity Shares listed	10,35,441	7,18,831	12,87,939	13,39,439
b) Mutual Funds	7,90,990	7,91,006	6,45,604	6,46,324
c) Government and other securities	5,80,85,655	5,90,15,246	2,74,32,843	2,77,32,400
d) Fixed Deposit with Banks	20,71,935	20,71,935	4,93,170	4,93,170
e) Corporate Bonds	2,30,30,234	2,01,03,595	3,79,37,357	3,77,99,820
f) Money Market Instruments	-	-	-	-
g) Investment Properties - Real Estate	2,65,121	2,29,019	2,58,467	2,39,232
h) Investment in AIF	1,22,430	1,22,430	1,34,501	1,34,501
i) Unclaimed policy holders Bank Deposit	-	0	0	0
	8,54,01,806	8,30,52,063	6,81,89,880	6,83,84,885

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Schedule 9 - Loans

(Rs. '000)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
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										(Rs. '000)
Particulars	Cost/ Gross Block			Depreciation/Amortisation			Net Block			
	As at April 1, 2019	Additions	Deductions	As at Mar 31, 2020	As at April 1, 2019	For The Year	On Sales/ Adjustments	Upto Mar 31, 2020	As at Mar 31, 2020	As at Mar 31, 2019
Land (Undivided Share)	58,032	-	-	58,032	-	-	-	-	58,032	58,032
Buildings	3,66,981	-	-	3,66,981	45,348	6,115	-	51,463	3,15,518	3,21,633
Furniture and Fittings	57,885	6,270	5,374	58,781	53,132	5,358	5,374	53,116	5,665	4,753
Information Technology Equipment	4,62,108	66,724	8,578	5,20,254	4,00,225	48,229	8,552	4,39,902	80,352	61,883
Computer Software (Intangibles)	8,09,804	1,58,164	-	9,67,968	6,62,430	1,36,271	-	7,98,701	1,69,267	1,47,373
Vehicles	36,058	10,841	7,913	38,986	16,975	8,994	7,245	18,724	20,262	19,084
Office Equipment	36,203	6,802	1,992	41,013	30,835	3,740	1,882	32,693	8,320	5,369
Electrical Fittings	57,996	6,958	5,873	59,081	48,620	5,970	5,805	48,785	10,296	9,375
Improvement to Premises	1,69,035	10,167	7,591	1,71,611	1,25,647	16,505	7,569	1,34,583	37,028	43,388
TOTAL	20,54,102	2,65,926	37,321	22,82,707	13,83,212	2,31,182	36,427	15,77,967	7,04,740	6,70,890
Capital Work in Progress	-	-	-	-	-	-	-	-	18,874	16,062
(Including Capital Advances)										
(Refer Note 8 (i) of Schedule 16)										
GRAND TOTAL	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	
Previous year	18,76,995	1,91,313	14,206	20,54,102	11,87,383	2,09,260	13,431	13,83,212		6,86,952

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Schedule 11 - Cash and Bank Balances

(Rs. '000)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Cash (including Cheques, Drafts and Stamps)	83,097	1,29,733
Bank Balances on Current Accounts (with Scheduled Banks)	2,89,135	5,02,517
Money at Call and Short Notice	-	-
Others (incl. Bank Deposits under Lien - Note9 (i) of schedule 16)	43,037	6,037
Total	4,15,269	6,38,287
Cash Balance includes:		
Drafts/Cheques on Hand	77,382	1,17,745
Remittances in transit		

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Schedule 12 - Advances and Other Assets

(Rs. '000)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Advances		
1 Reserve Deposits with Ceding Companies	-	-
2 Application Money for Investments	-	-
3 Prepayments	32,12,050	23,14,819
4 Advances to Directors / Officers	-	-
5 Advance Tax Paid and Taxes Deducted at Source (Net of Provision for Taxation of Rs. 72,09,184 thousands) (Previous year Rs. 61,94,184 thousands)	17,04,905	8,50,969
6 Others		
Advances to Employees	1,117	386
Advances to Vendors	5,366	7,088
Deposits for Premises and Advance Rent	-	-
GST/ST Unutilised Credit / paid in advance	3,78,447	4,08,650
Service tax paid under protest (Note 6 of Schedule 16)	57,912	57,912
Other Advances / Deposits	8,40,534	12,93,417
Total (A)	62,00,331	49,33,241
Other Assets		
1 Income Accrued on Investments	21,52,471	24,62,058
2 Outstanding Premium including GST/Service Tax, if any (includes Rs. 589,273 thousands (Previous year Rs. 1,959,267 thousands) from Central & State Governments under Rashtriya Swasthya Bima Yojana Scheme and Weather Based Crop Insurance Scheme)	9,50,977	29,79,664
3 Agents' Balances	-	-
4 Foreign Agencies Balances	-	-
5 Due from Other Entities Carrying on Insurance Business (Refer Note 19 of Schedule 16)	5,02,297	1,81,632
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)	14,25,634	13,01,546
Less: Provision for doubtful debts (Refer Note 7 of Schedule 16)	-	(5,527)
Net Receivable from Terrorism Pool	14,25,634	12,96,019
Unclaimed Amount of Policy holders Deposits (Refer Note 23 of Schedule 16)	22,800	75,000
Receivable from Nuclear Pool (including investment income)	40,468	30,405
Deposits for Premises and Advance Rent	1,04,323	75,506
Service Tax refund receivable	-	-
Total (B)	56,93,625	71,00,284
Total (A + B)	1,18,93,956	1,20,33,525

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Schedule 13 - Current Liabilities

(Rs. '000)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
1 Agents' Balances	1,59,870	1,85,754
2 Balances Due to Other Insurance Companies (Refer Note 19 of Schedule 16)	23,85,586	39,30,461
3 Deposits Held on Reinsurance Ceded	-	-
4 Premiums Received in Advance / Deposits Received	66,91,722	24,36,675
5 Unallocated Premium	17,94,475	13,67,726
6 Sundry Creditors		
Dues to Micro Small & Medium Enterprises (Refer Note 25 of schedule 16)	3,124	1,755
Dues to Others	2,11,237	2,92,617
7 Due to subsidiaries / Holding Company	-	-
8 Claims Outstanding (including the estimates of IBNR & IBNER)	5,34,80,159	4,23,09,553
9 Due to Officers/ Directors	-	-
10 Others		
Payable to IMTPIP Members	-	-
Payable to Declined Risk Pool Members	-	-
Book Overdraft	1,83,050	8,13,184
Tax and Other Withholdings	1,10,161	54,513
Environment Relief Fund	71	192
Provision for Expenses	6,29,697	4,33,418
Other Liabilities	28,522	24,623
GST Payable	4,63,493	6,62,850
Value Added Tax Payable	-	-
Unclaimed Amounts of Policy Holders (Refer Note 23 of Sch 16)	22,669	48,843
Interest Accrued but not due on Borrowings	30,566	30,445
Total	6,61,94,402	5,25,92,609

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Schedule 14 - Provisions

(Rs. '000)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
1 Provision for Unexpired Risk	2,20,58,221	2,23,36,295
Less: Unabsorbed Enrollment costs - Government Schemes	-	-
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)	4,25,825	3,35,188
Total	2,24,84,046	2,26,71,483

Schedule 15 - Miscellaneous Expenditure

(To the extent not written off or adjusted)

(Rs. '000)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
1 Discount Allowed in Issue of Shares / Debentures	-	-
2 Others	-	-
Total	-	-

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) Amendment Rules, 2016.

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 Goods and Service Tax) is recognised as income on assumption of risk and for instalment cases, it is recognized on instalment due dates 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 IRDA Circular No IRDA/F&A/CIR/FA/126/07/2013

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 re-insurance 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 as at each reporting period. Profit commission under reinsurance treaties wherever applicable, is accrued based on the computation as per their 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, 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.
- f. In accordance with IRDA Circular No. IRDA/F&A/CIR/FA/126/07/2013, enrolment costs in Rashtriya Swasthya Bima Yojana ("RSBY") Schemes are absorbed over the policy period. The costs pertaining to future accounting periods are shown as reduction from Reserve for Unexpired Risks.

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) as at Balance sheet date.
- e. Investments Property is accounted at cost.
- f. In accordance with the IRDA (Investments) Regulations 2016, unrealized gain / loss arising due to changes in fair value of listed equity shares and mutual fund investments are taken to the "Fair Value Change Account". The credit balance, if any, in the fair value change account is not available for distribution, pending realisation.
- g. 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.
- h. 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.
- i. 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 thereof paid / payable is absorbed in the books of accounts of the Company.
- 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 charged off in the financial statements at 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 class of assets, based on internal assessment, the Management believes that the useful life given above best represents the period over which the Management expects to use these assets. Hence, the useful life of these assets is different from the useful life as prescribed in the Companies Act, 2013.

- c. Assets individually costing Rs.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 substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the Revenue Account as per the lease terms.

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 as a result 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 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 realized. Deferred tax assets are reviewed as at each balance sheet date.

3. Terrorism Pool

- i. Premium received from customers on account of terrorism cover has been ceded to General Insurance Corporation of India (GIC) Terrorism Pool Account. The Company's share in the Terrorism Pool Account with GIC, based on the statements of account received during the current year for the period upto December 31, 2019 has been accounted under the respective heads as follows :-
 - a) Premium Inwards - Premium on Reinsurance Accepted
 - b) Claims - Claims Paid and Claims Outstanding
 - c) Management Expenses - Operating Expenses Related to Insurance Business
 - d) Investment Income - 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, 2020 to March 31, 2020 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 upto September 30, 2019 has been accounted under the respective heads as follows :-
 - e) Premium Inwards - Premium on Reinsurance Accepted
 - f) Claims - under Claims Paid and Claims Outstanding
 - g) Management Expenses - under Operating Expenses Related to Insurance Business
 - h) 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, 2019 to March 31, 2020 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 Rs. 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 Debenture) Rules, 2014 the Company is not required to create any additional DRR. Accordingly the Company continues to hold the existing DRR of Rs. 2,000 thousands as at March 31, 2020.

6. Contingent Liabilities**(Rs. '000)**

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Partly paid investments	Nil	Nil
Outstanding underwriting commitments	Nil	Nil
Claims, under policies, not acknowledged as debts – in respect of a disputed claim under a fire policy	Nil	Nil
Claims, other than those under policies, not acknowledged as debts		
Contested liabilities not provided for in respect of Tax matters pending before Appellate Authorities		
(I) Income Tax Matters:		
(i) In respect of disallowance of remittances to foreign reinsurers for not withholding tax at source together with interest thereon (Note (a) below)	9,83,693	5,44,217
(ii) In respect of disallowance of expenses related to Motor dealer payments (Note (b) below)	6,25,706	6,25,898
(iii) Others including UPR disallowance on IMTPIP, IBNR disallowance	21,77,853	12,87,768
	37,87,252	24,57,883
(II) Service Tax Matters		
(i) Input Credit Availment on labour charges in motor claims (Completely allowed this year).	-	-
(ii) Claim for remittance of Service tax under "reverse charge" method for Business Auxiliary Services (Note (c) below)	2,58,768	2,58,768
(iii) Disallowance of Input Credit on payments to Motor Dealers (Note (d) Below)	3,42,082	3,42,082
(iv) Others (including appeals against levy of penalty only and reversal of credit on certain Input services)	29,043	36,626
Total	6,29,893	6,37,477

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 by the

Company / adjusted by the Income Tax department stands at Rs. 4,329,121 thousands (Previous Year Rs.2,481,843 thousands) for all the assessment years in respect of the above disallowances.

- a) The Company has appealed before appellate forums against the disallowing 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 also 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.
- 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 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 Company has taken note of various settled cases wherein it has been held that technical discrepancies cannot be a ground for disallowance of credit. The Company had preferred appeals before Tribunal and confident of getting the same allowed.

7. Note on Stressed Investment Assets

The Company has invested in debt securities of certain companies aggregating Rs. 4,475,000 thousands as at March 31, 2020 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, provision for diminution in value of investments of Rs. 1,573,243 thousands has been created, wherever required, and written down the assets aggregating to Rs. 777,342 thousands during the financial year ended March 31, 2020 (cumulative provision as at 31 Mar 2020 is Rs. 1,723,854 thousands and write off as at March 31, 2020 is Rs. 997,342 thousands, resulting in carrying value of Rs. 1,753,803 thousands). The Company is continuously reviewing and taking appropriate steps for the recoverability of principal and interest thereon.

8. Commitments

- i. Commitments made and outstanding for fixed assets are Rs 39,685 thousands (Net of Capital advance paid – Rs 18,874 thousands) (Previous Year - Rs. 101,245 thousands (Net of Capital advance paid – Rs. 16,062 thousands)).
- ii. Bank guarantees provided to customers / service providers towards performance commitments – Rs 4,655 thousands (Previous Year - Rs. 4,655 thousands).
- iii. Commitments made and outstanding in respect of investments - NIL thousands (Previous Year- NIL thousands)

9. Encumbrances

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

- i. Deposits under lien to banks amounting to Rs. 6,037 thousands (Previous Year - Rs. 6,037 thousands)
- ii. Garnishee orders by Motor Accident Claims Tribunal (MACT) on bank balances amounting to Rs. 6,378 thousands (Previous Year – Rs. 21,251 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 IRDA Circular No. CIR/41/IRDA/Health/SN/09-10/32, the Company has made a provision for Free Look period amounting to Rs. 568 thousands (previous year – Rs. 374 thousands).

11. Claims**(Rs. '000)**

Particulars	As at / Year ended March 31, 2020	As at / Year ended March 31, 2019
Claims, less reinsurance, paid to claimants:		
- In India	1,46,02,282	1,42,00,320
- Outside India	-	-
Ageing of claims (Gross) - including third party motor claims and reported IMTPIP claims:		
- Outstanding for more than six months	1,73,20,423	1,55,15,471
- Other Claims	54,82,804	65,84,102
Claims settled and remaining unpaid for more than six months	Nil	Nil

Claims where the claim payment period exceeds four years:

As per IRDA 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)

(Rs. '000)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	Amount of Business Written (Direct)	% of Business Written (Direct)	Amount of Business Written (Direct)	% of Business Written (Direct)
Risk Retained	3,39,77,988	77.25	3,34,23,856	75.99
Risk Reinsured	1,00,06,945	22.75	1,08,57,743	24.69
Total	4,39,84,933	100.00	4,42,81,599	100.00

The above includes Excess of Loss reinsurance premium of Rs. 363,215 thousands (Previous Year Rs. 357,614 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**(Rs. '000)**

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	Amount of Business Written (Direct)	% of Business Written (Direct)	Amount of Business Written (Direct)	% of Business Written (Direct)
Rural Sector	1,29,01,456	29.33	72,70,369	16.53
Other Business	3,10,83,477	70.67	3,70,11,230	84.15
Total	4,39,84,933	100.00	4,42,81,599	100.00
Social Sector (No. of Lives)	59,43,516	-	18,59,702	-
Rural & Social Sector (No. of Policies)	16,67,515	-	2,85,035	-

14. Employee Benefits:

- i. Defined Contribution Plan:

(Rs. '000)

Expenses on defined contribution plan	Year ended March 31, 2020	Year ended March 31, 2019
Contribution to Staff Provident Fund / Family Pension Fund	51,891	45,566
Contribution to Superannuation Fund	54,384	46,999
Total	1,06,276	92,565

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 with Life Insurance Corporation of India (LIC). The following table, sets out the status of the gratuity plan as at March 31, 2020 as required under Accounting Standard 15 (Revised) – Employee Benefits.

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

Particulars	As at March 31, 2020	As at March 31, 2019
Obligations at beginning of the year	1,18,861	1,03,447
Service Cost	13,760	13,339
Interest Cost	8,725	6,973
Actuarial (gain) / loss	2,382	2,764
Benefits paid	8,648	7,662
Obligations at end of the year	1,35,081	1,18,861
Change in Plan Assets		
Plan assets at fair value at beginning of the year	95,278	58,735
Expected return on plan assets	6,803	6,555
Actuarial (gain) / loss	1,171	6,773
Contributions	23,583	44,423
Benefits paid	8,648	7,662
Plan assets at fair value at end of the year	1,15,846	95,278

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

Particulars	As at/ Year Ended 31st March 2020	As at/ Year Ended 31st March 2019
Fair value of plan assets at the end of the year	1,15,846	95,278
Present value of defined benefit obligations at the end of the year	1,35,081	1,18,861
Asset / (Liability)*	(19,235)	(23,583)
*Recognised as (liability) / asset in Balance Sheet respectively		
Gratuity cost for the year		
Service Cost	13,760	13,339
Interest Cost	8,725	6,973
Expected return on plan assets	6,803	6,555
Actuarial (gain) / loss	3,553	9,537
Net Gratuity Cost	19,235	23,294
Assumptions		
Interest rate	6.27%	7.00%
Estimated rate of return on plan assets	7.77%	8.50%
Salary Escalation Rate	7.00%	5.00%
Attrition Rate	15%	7% - 9%

Other Disclosures: (Rs. '000)

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Present Value of defined benefit obligation	1,35,081	1,18,861	1,03,447	66,934	56,469
Fair Value of Plan assets	1,15,846	95,278	58,735	50,910	34,157
Surplus / (Deficit)	(19,235)	(23,583)	(44,712)	(16,024)	(22,312)

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 2020-21 amounts to Rs. 19,235 thousands (Previous year – 23,583 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, 2020

(Rs. '000)

Particulars	Fire	Marine	Miscellaneous	Unallocated	Total
Claims Outstanding	2,86,848	64,987	5,31,28,251	-	5,34,80,086
	(2,27,520)	(57,775)	(4,20,24,258)	-	(4,23,09,553)
Reserve for Unexpired Risk	37,39,041	77,538	1,82,41,642	-	2,20,58,221
	(32,55,505)	(55,403)	(1,90,25,388)	-	(2,23,36,296)
Investments	31,85,284	2,10,925	8,08,75,537	65,12,902	9,07,84,648
	(24,57,772)	(1,55,728)	(6,54,98,582)	(78,48,895)	(7,59,60,977)

(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 is generally once in three years. The lease rentals recognized in the Revenue Account during the year is Rs. 190,696 thousands (previous year Rs. 144,385 thousands). Minimum lease payments expected to be paid for the leases existing as at end of the year is given below:

(Rs. '000)

Particulars	As at March 31, 2020	As at March 31, 2019
Minimum Lease Payments		
- Not later than one year	1,86,846	1,55,616
- Later than one year but not later than five years	4,45,067	3,76,653
- Later than five year	61,579	57,828

17. Earnings Per Share

(Rs. '000)

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
Profit After Tax (Rs. '000)	14,94,400	17,89,372
Weighted Average Number of Equity Shares	29,88,05,700	29,88,05,700
Earnings per Share – Basic and Diluted (Rs.)	5.00	5.99
Face Value Per Share (Rs.)	10.00	10.00

18. Deferred Tax Assets/(Liabilities) (net)

The components of deferred tax are as under:

(Rs. '000)

Particulars	As at March 31, 2019	Movement during the Year			As at March 31, 2020
		Impact of tax rate revision on Opening Balance (Refer note below)	Movement during the year	Total movement during the year	
Deferred Tax Assets / (Liabilities) arising on					
Provision for compensated absences	43,588	(12,194)	9,047	(3,147)	40,441
Provision for diminution in value of investments - Equity	30,636	(8,571)	(7,623)	(16,194)	14,442
Provision for diminution in value of investments - Debt Instruments	52,120	(14,581)	3,96,321	3,81,740	4,33,860
Unexpired Risk Reserve - Income Tax Rule 6E differences	14,95,947	(4,18,509)	43,030	(3,75,479)	11,20,468
Written down value of fixed and intangible assets	1,066	(281)	(8,239)	(8,520)	(7,454)
Deferred Tax Assets (net)	16,23,357	(454,136)	432,536	(21,600)	16,01,757

The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised income tax expense for the financial year ended March 31, 2020 and remeasured its deferred tax assets at the tax rate prescribed in the said section. This has resulted in reduction of tax expense for the financial year by Rs. 393,500 thousands and one-time charge of Rs. 454,160 thousands arising from reversal of deferred tax asset as at 1 April 2019, which have been recognised in the Profit and Loss Account during the year ended March 31, 2020.

19. The balances of amount due to / due from other entities carrying on insurance business, especially the reinsurers' balances and the public sector co-insurers' balances, are subject to confirmation / reconciliation. Consequential adjustments, if any, will be accounted for on receipt of the statements / confirmation of the balances after examination, which in the opinion of Management is not expected to be material.

20. In accordance with IRDA Circular No. IRDA/F&A/CIR/FA/126/07/2013 and as certified by the Appointed Actuary of the Company, there is no premium deficiency at a segment level in respect of fire, marine and miscellaneous segments during the year ended March 31, 2020 (Previous Year NIL)

21. Related Party Disclosure

(A) List of Related Parties (Pursuant to Accounting Standard 18 – Related party disclosures):

- Holding Company: Cholamandalam Financial Holdings Limited (Previously known as TI Financial Holdings Limited)
- Fellow Subsidiaries: Cholamandalam Health Insurance Limited
- Company under Common control: Cholamandalam MS Risk Services Limited
- Company holding substantial interest in voting rights: Mitsui Sumitomo Insurance Company Limited
- Key Management Personnel :
 - Managing Director - Mr. S.S.Gopalarathnam
 - Whole time Director - Mr. Takashi Kishi
 - Chief Financial Officer - Mr. S. Venugopalan
 - Company Secretary - Mr. Suresh Krishnan

(B). Details of Related Party Transactions**(Rs. '000)**

Particulars	Related Party	2019 - 20	2018 - 19
Rent Recovery	Mitsui Sumitomo Insurance Company Limited	15,057	14,342
	Cholamandalam MS Risk Services Ltd	3,008	4,363
Fees Incurred for Risk Inspection and advisory services	Cholamandalam MS Risk Services Ltd	23,758	25,259
Premium Income	Cholamandalam MS Risk Services Ltd	371	336
	Key Managerial Persons	17	127
Claims Incurred (Net) *	Key Managerial Persons	354	-
	Cholamandalam MS Risk Services Ltd	4	-
Gross Incurred Claims	Key Managerial Persons	374	-
	Cholamandalam MS Risk Services Ltd	6	-
Reinsurance Ceded	Mitsui Sumitomo Insurance Company Limited	5,89,449	4,62,961
Reinsurance Commission Received	Mitsui Sumitomo Insurance Company Limited	1,05,504	1,06,175
Reinsurance Recovery on Claims	Mitsui Sumitomo Insurance Company Limited	4,01,322	2,98,611
Management Expenses, Sitting Fees, Secondment charges, Marketing Expenses and Technical fees	Mitsui Sumitomo Insurance Company Limited	13,805	14,254
	Cholamandalam MS Risk Services Ltd	6,252	7,208
	Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Limited)	80,587	79,407
Management Expenses Recovered	Mitsui Sumitomo Insurance Company Limited	4,577	561
	Cholamandalam MS Risk Services Ltd	16	-
Dividends Paid	Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Limited)	-	1,07,570
	Mitsui Sumitomo Insurance Company Limited	-	71,713
Managerial Remuneration - Managing Director	Key Management Personnel (Refer Note 22 (i))	42,871	51,344
Secondment Charges - Whole Time Director	Key Management Personnel	-	2,533
Chief Financial Officer	Key Management Personnel	11,106	11,097
Company Secretary	Key Management Personnel	8,120	7,998
Advance Given	Cholamandalam Health Insurance Limited	-	24
	Cholamandalam MS Risk Services Ltd.	-	23,500
	Mitsui Sumitomo Insurance Company Limited	5,560	-
Advance Repaid	Cholamandalam Health Insurance Limited	-	28
	Cholamandalam MS Risk Services Ltd.	-	68,326
	Mitsui Sumitomo Insurance Company Limited	5,560	-

Net Amounts Receivable / (Payable)**(Rs. '000)**

Particulars	Related Party	As at March 31, 2020	As at March 31, 2019
Premium Received in Advance	Cholamandalam MS Risk Services Ltd.	15	-
Unallocated Premium	Cholamandalam MS Risk Services Ltd.	21	-
Provision Outstanding	Cholamandalam Financial Holdings Limited	-	-
	Mitsui Sumitomo Insurance Company Limited	11,472	-
Receivable/(Payable) (Net)- Due from other entities carrying on insurance business	Mitsui Sumitomo Insurance Company Limited	116,065	63,493
Receivable (Net) - Management expenses and rent	Cholamandalam Health Insurance Company	2	1
	Cholamandalam MS Risk Services Ltd.	258	-
	Mitsui Sumitomo Insurance Company Limited	2,201	1,480

22. Directors' Remuneration

i. Remuneration to Managing Director

(Rs. '000)

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
Salaries and Allowances*	39,051	46,128
Contribution to Provident and Other Funds*	3,746	3,413
Perquisites	74	1,802
Total	42,871	51,344

*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 IRDA.

Managerial remuneration in excess of Rs. 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 Whole-time Director, except for Secondment Charges reimbursable to Mitsui Sumitomo Insurance Company Limited, Japan (MS) amounting to NIL (Previous Year - Rs. 2,533 thousands) and the same has been charged to Profit and Loss Account in accordance with IRDA directive.

iii. Remuneration to Non-Executive Directors

(Rs. '000)

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
Commission	5,489	4,317
Sitting Fees	2,460	2,195

23. As per IRDA Master Circular on Unclaimed Amount of Policy Holders dated July 25, 2017, the statement showing the age-wise analysis of the unclaimed amounts of the policyholders as at March 31, 2020 is given below:

(Rs. '000)

Particulars	Total Amount	0 - 6 months	7 - 12 months	13 - 18 months	19 - 24 months	25 - 30 months	31 - 36 months	37 - 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 / policyholders on maturity or otherwise	NA (NA)	NA (NA)	NA (NA)	NA (NA)	NA (NA)	NA (NA)	NA (NA)	NA (NA)
Any excess collection of the premium / tax or any other charges which is refundable to the policyholders either as terms or conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	7,989 (2,587)	0 (0)	3,600 (1,654)	2,114 (371)	1,632 (64)	236 (154)	133 (58)	274 (286)
Cheques issued but not encashed by the policyholder / insured	13,041 (33,206)	0 (0)	2,771 (26,149)	4,680 (5,358)	5,356 (600)	191 (157)	14 (4)	29 (938)
Total	21,030 (35,793)	0 (0)	6,371 (27,803)	6,794 (5,729)	6,988 (664)	427 (311)	147 (62)	303 (1,224)

(Previous year's figures are in brackets)

Note: The above disclosure does not include interest accrued for unclaimed amount of policy holders aggregating to Rs. 1,698 thousands (previous year - 13,051 thousands).

Details of Unclaimed Amount and Investment Income**(Rs. '000)**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	75,000	57,300
Add: Amount transferred to Unclaimed Fund	-	25,000
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders	-	-
Add: Investment Income on Unclaimed Fund	3,688	6,755
Less: Amount of claims paid during the year	55,747	14,055
Less: Amount transferred to Senior Citizen Welfare Fund	142	-
Closing Balance of Unclaimed Amount Fund	22,800	75,000

24. Details of Outsourcing, Business Development and Marketing Expenses:**(Rs. '000)**

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
Outsourcing Expenses	12,10,345	9,61,902
Business Development Expenses	19,81,978	23,93,711
Marketing Expenses	44,09,186	31,96,281
Total	76,01,509	65,51,894

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.

(Rs. '000)

Particulars	As at March 31, 2020	As at March 31, 2019
Principal amount due to suppliers under MSMED Act	3,124	1755
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

- Gross Amount required to be spent by the Company during the year is Rs. 57,325 thousands (Previous year - Rs. 55,501 thousands)
- Activity wise amount paid:

(Rs. '000)

S. No.	Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
1	Education	34,965	37,589
2	Art and Culture & Sports	1,751	4,758
3	Health Care	12,918	5,903
4	Environmental Sustainability	1,000	2,255
5	Hunger Eradication	57	2,374
6	Senior Citizen Health Care	980	1,500
7	Rural Development Project	2,171	-
8	Disaster Relief Fund	848	-
9	Women Empowerment	520	-
10	CSR Expenses	2,260	2,568
	Total	57,470	56,947

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 :

(Rs. '000)

S. No	Authority	Non-Compliance / Violation	Penalty awarded	Penalty paid	Penalty waived / Reduced
1	Insurance Regulatory & Development Authority	Non Compliances of IRDA regulations as per IRDA Investigations carried out	10,100 (Nil)	10,100 (Nil)	Nil (Nil)
		Non compliances of Corporate Governance for insurers in India	10,000 (Nil)	10,000 (Nil)	Nil (Nil)
2	Service Tax Authority	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
3	Income Tax Authority	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4	Any other Tax Authority (Sales Tax)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
5	Enforcement Directorate / Adjudicating Authority/ Tribunal or any Authority under FEMA	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6	Registrar of Companies / NCLT / CLB / Department of Company Affairs or any Authority under Companies Act, 2013	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
7	Penalty awarded by any Court / Tribunal for any matter including claim settlement but excluding compensation	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
8	Securities and Exchange Board of India	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
9	Competition Commission of India	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
10	Any other Central / State / Local Government / Statutory Authority	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

The figures within brackets represent previous year's figures

29. The COVID-19 has been declared a pandemic by the World Health Organization on March 11, 2020. The pandemic has led to a significant impact on the Indian financial markets with overall decline in the economic activities across the world. On March 24, 2020, the government of India announced a 21 day lockdown which has been further extended by 33 days across the country aimed at the containment of the pandemic.

The Company has used the principles of prudence in applying judgements, estimates and assumptions to assess and provide for the impact of the pandemic on the financial statements. Since the pandemic and the lockdown imposed affected the tail end of the financial year, the impact on the financial performance was not significant. Our assessment based on estimates & judgements considering available information does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date.

However, due to the uncertainties associated with the pandemic, the actual impact may not be in the current estimates. The Company will continue to closely monitor developments/changes to the estimates-basis the future macro-economic impact. Further, the impact assessment as on date with the available information does not indicate any adverse impact on the ability of the Company to continue as a going concern.

IRDAI vide circular no. IRDAI/NL/CIR/Mot/079/04/2020 has stipulated that the policyholders whose motor vehicle third party insurance policies fell due for renewal during the period on and from March 25, 2020 to April 14, 2020 and who are unable to make payment of their renewal premium on time in view of the prevailing situation due to COVID-19 are allowed to make premium payment for renewal of policies to their insurers on or before April 21, 2020 to avail the continuity of benefit of the statutory motor vehicle third party insurance cover from the date on which the policy fell due for renewal so that any valid claim triggered during this period are also to be paid.

Further in accordance with the circular IRDAI/NL/CIR/MOT/081/04/2020 and subsequent clarification the following details are disclosed.

Particulars	Motor TP		Health	
	Policy count	Premium in thousands	Policy count	Premium in thousands
No of motor policies due for renewal from March 25, 2020 to March 31, 20	50,315	1,226,613	13158	51,233
Policies renewed before April 1, 2020	3,356	43,395	344	7,741
Policies renewed between April 1, 2020 and April 21, 2020.	250	3,002	172	1,619

The impact on earnings and underwriting results for the financial year is not material.

As prescribed by IRDA, the summary of financial statements and the accounting ratios of the Company are presented in the Annexure attached. Particulars of the risk management architecture and quantitative aspects of claims outstanding are contained in the Management Report.

Signature to Schedules 1 to 16

For and on behalf of the Board of Directors

M M Murugappan
Chairman

S. S. Gopalarathnam
Managing Director

Sridharan Rangarajan
Director

Takashi Kishi
Wholetime Director

Place: Chennai
Date: May 19, 2020

Suresh Krishnan
Company Secretary

S Venugopalan
Chief Financial Officer

Note 17
Segmental reporting for the year ended Mar 31, 2020
(Rs. '000)

Particulars	Year	Fire	Marine			Miscellaneous				
			Cargo	Other than Cargo	Total	Motor	OD	TP (Note a below)	Workmen's Compensation	Public / Product Liability
Premium from Direct Business Written	2019-20 2018-19	33,99,593 26,46,146	8,96,460 7,49,940	4 4	8,96,464 7,49,944	3,24,47,730 3,00,10,789	1,08,85,732 1,03,49,434	2,15,61,998 1,96,61,355	80,703 45,163	1,00,574 96,273
Add: Premium on Reinsurance Accepted	2019-20 2018-19	87,451 81,582	- -	- -	- -	- -	- -	- -	- -	10,063 10,000
Less: Premium on Reinsurance Ceded	2019-20 2018-19	20,44,451 20,96,315	6,74,466 5,59,565	- -	6,74,466 5,59,565	55,12,647 36,31,738	43,83,050 26,48,525	11,29,597 9,83,213	4,035 2,258	50,185 48,327
Adjustment for Changes in Reserve for Unexpired Risk	2019-20 2018-19	4,83,536 (2,94,996)	22,136 6,094	- -	22,136 6,094	(7,33,260) 22,58,476	(9,35,126) 3,23,291	2,01,866 19,35,185	4,357 1,670	(6,187) 7,797
Premiums Earned (Net)	2019-20 2018-19	9,59,057 9,26,409	1,99,858 1,84,281	4 4	1,99,862 1,84,285	2,76,68,343 2,41,20,575	74,37,808 73,77,618	2,02,30,535 1,67,42,957	72,311 41,235	66,639 50,149
Profit/(Loss) on Sale/ Redemption of Investments	2019-20 2018-19	62,354 7,473	4,116 474	- -	4,116 474	14,44,037 1,85,127	1,22,424 21,046	13,21,613 1,64,081	1,483 156	558 129
Other income-Contribution from Shareholders for Excess EoM	2019-20 2018-19	- -	- -	- -	- -	- -	- -	- -	- -	- -
Others Administrative Charges	2019-20 2018-19	1,984 913	789 584	- -	789 584	52 46	52 46	- -	- -	4 7
Investment income from pool (Terrorism/ Nuclear)	2019-20 2018-19	31,474 62,036	- -	- -	- -	- -	- -	- -	- -	- 712
Interest and Dividend – Gross	2019-20 2018-19	2,02,399 1,62,947	13,360 10,324	- -	13,360 10,324	46,88,904 40,65,933	3,97,519 4,62,235	42,91,385 36,03,698	4,815 3,397	1,811 2,822
Total Segmental Revenue	2019-20 2018-19	12,57,268 11,59,778	2,18,123 1,95,663	4 4	2,18,127 1,95,667	3,38,01,336 2,83,71,681	79,57,803 78,60,945	2,58,43,533 2,05,10,736	78,609 44,788	69,012 53,819
Claims Incurred (Net)	2019-20 2018-19	4,05,523 3,69,536	1,15,180 1,08,667	- -	1,15,180 1,08,667	2,29,49,942 2,03,19,723	46,02,862 39,45,093	1,83,47,080 1,63,74,630	18,166 15,767	1,482 10,166
Direct Commission Paid	2019-20 2018-19	3,06,903 4,27,544	54,140 39,320	- -	54,140 39,320	21,64,454 17,95,493	19,68,985 16,40,100	1,95,469 1,55,393	5,046 4,092	6,394 6,576
Commission on Reinsurance Accepted	2019-20 2018-19	2,770 1,326	- -	- -	- -	- -	- -	- -	- -	- -
Commission on Reinsurance Ceded	2019-20 2018-19	4,08,748 9,46,445	99,508 89,454	- 1	99,508 89,455	16,78,759 11,73,820	16,45,257 11,66,444	33,502 7,376	605 339	3,596 6,888
Operating Expenses Related to Insurance Business	2019-20 2018-19	2,40,779 1,99,960	85,010 81,049	- -	85,010 81,049	78,86,215 73,59,985	20,39,458 25,89,683	58,46,757 47,70,302	15,420 13,169	19,721 33,913
Other Expenditure / (Income) Insurance Business	2019-20 2018-19	- -	- -	- -	- -	- -	- -	- -	- -	- -
Premium Deficiency	2019-20 2018-19	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total Segmental Expenses	2019-20 2018-19	5,47,227 51,921	1,54,822 1,39,582	- (1)	1,54,822 1,39,581	3,13,21,852 2,83,01,381	69,66,048 70,08,432	2,43,55,804 2,12,92,949	38,027 32,689	24,001 43,767
Segmental Profit	2019-20 2018-19	7,10,041 11,07,857	63,301 56,081	4 5	63,305 56,086	24,79,484 70,300	9,91,755 8,52,513	14,87,729 (7,82,213)	40,582 12,099	45,011 10,052
Provision For Taxation (net of MAT Credit)	2019-20 2018-19	- -	- -	- -	- -	- -	- -	- -	- -	- -
Net Profit for the year	2019-20 2018-19	- -	- -	- -	- -	- -	- -	- -	- -	- -
Net incurred Claims / Net Earned Premium (%)	2019-20 2018-19	42.28% 39.89%	57.63% 58.97%	0.00% 0.00%	57.63% 58.97%	82.95% 84.24%	61.88% 53.47%	90.69% 97.80%	25.12% 38.24%	2.22% 20.27%

Note 17
Segmental reporting for the year ended Mar 31, 2020
(Rs. '000)

Particulars	Year	Miscellaneous							Investment Income / Other Income	Total
		Engineering	Avi ation	Personal Accident	Health	Weather	Others	Total Misc		
Premium from Direct Business Written	2019-20	2,97,214	-	30,44,525	31,69,867	1,93,620	3,54,642	3,96,88,875	-	4,39,84,932
	2018-19	3,55,337	-	28,49,488	27,37,08	43,69,439	4,21,938	4,08,85,509	-	4,42,81,599
Add: Premium on Reinsurance Accepted	2019-20	17,199	-	-	-	-	-	27,262	-	1,14,713
	2018-19	17,939	-	-	-	-	-	27,939	-	1,09,521
Less: Premium on Reinsurance Ceded	2019-20	1,88,660	-	6,47,009	6,85,524	1,68,631	32,087	72,88,778	-	1,00,07,695
	2018-19	2,55,778	-	2,52,810	2,02,377	37,83,544	35,189	82,12,021	-	1,08,67,901
Adjustment for Changes in Reserve for Unexpired Risk	2019-20	4,986	-	3,09,100	(2,32,591)	(68,680)	(61,472)	(7,83,747)	-	(2,78,075)
	2018-19	16,314	-	6,28,975	2,17,448	68,513	1,13,986	33,13,179	-	30,24,277
Premiums Earned (Net)	2019-20	1,20,767	-	20,88,416	27,16,934	93,669	3,84,027	3,32,11,106	-	3,43,70,025
	2018-19	1,01,184	-	19,67,703	23,17,257	5,17,382	2,72,763	2,93,88,248	-	3,04,98,942
Profit/(Loss) on Sale/ Redemption of Investments	2019-20	598	-	78,247	36,096	996	8,206	15,70,221	1,42,792	17,79,483
	2018-19	20	-	10,571	7,033	(5,246)	1,375	1,99,165	23,866	2,30,978
Other income-Contribution from Shareholders for Excess EoM	2019-20	-	-	4,16,707	4,39,863	-	20,025	8,76,595	-	8,76,595
	2018-19	-	-	-	-	-	-	-	-	-
Others Administrative Charges	2019-20	157	-	1	42	-	9	265	-	3,038
	2018-19	230	-	23	6	-	10	322	-	1,819
Investment income from pool (Terrorism/ Nuclear)	2019-20	3,329	-	-	-	-	-	3,329	-	34,803
	2018-19	16,270	-	-	-	-	-	16,982	-	79,018
Interest and Dividend – Gross	2019-20	1,942	-	2,53,986	1,17,168	3,228	26,637	50,98,491	4,63,498	57,77,748
	2018-19	433	-	2,30,480	1,53,337	(1,14,398)	29,978	43,71,982	5,20,370	50,65,623
Total Segmental Revenue	2019-20	1,26,793	-	28,37,357	33,10,103	97,893	4,38,904	4,07,60,007	6,06,290	4,28,41,692
	2018-19	1,18,137	-	22,08,777	24,77,633	3,97,738	3,04,126	3,39,76,699	5,44,236	3,58,76,380
Claims Incurred (Net)	2019-20	61,211	-	5,86,084	13,68,054	1,29,914	1,37,257	2,52,52,110	-	2,57,72,813
	2018-19	22,965	-	5,84,606	9,27,985	8,62,422	1,33,159	2,28,76,793	-	2,33,54,996
Direct Commission Paid	2019-20	27,717	-	3,01,690	3,60,643	677	41,576	29,08,197	-	32,69,240
	2018-19	25,058	-	1,22,099	2,63,047	10,541	38,687	22,65,593	-	27,32,457
Commission on Reinsurance Accepted	2019-20	332	-	-	-	-	-	332	-	3,102
	2018-19	274	-	-	-	-	-	274	-	1,600
Commission on Reinsurance Ceded	2019-20	26,870	-	3,01,082	2,60,367	(21,067)	(5,713)	22,44,499	-	27,52,755
	2018-19	44,352	-	50,942	93,361	1,61,482	39,738	15,70,922	-	26,06,822
Operating Expenses Related to Insurance Business	2019-20	37,815	-	11,02,748	10,24,382	29,314	1,11,401	1,02,27,016	-	1,05,52,805
	2018-19	38,006	-	6,24,807	6,74,400	1,27,807	1,15,718	89,87,805	-	92,68,814
Other Expenditure / (Income) Insurance Business	2019-20	-	-	-	-	-	-	-	34,50,485	34,50,485
	2018-19	-	-	-	-	-	-	-	6,19,450	6,19,450
Premium Deficiency	2019-20	-	-	-	-	-	-	-	-	-
	2018-19	-	-	-	-	-	-	-	-	-
Total Segmental Expenses	2019-20	1,00,205	-	16,89,440	24,92,712	1,80,972	2,95,947	3,61,43,156	34,50,485	4,02,95,690
	2018-19	41,951	-	12,80,570	17,72,071	8,39,288	2,47,826	3,25,59,543	6,19,450	3,33,70,495
Segmental Profit	2019-20	26,588	-	11,47,917	8,17,391	(83,079)	1,42,957	46,16,851	(28,44,195)	25,46,002
	2018-19	76,186	-	9,28,207	7,05,562	(4,41,550)	56,300	14,17,156	(75,214)	25,05,885
Provision For Taxation (net of MAT Credit)	2019-20	-	-	-	-	-	-	-	-	10,51,600
	2018-19	-	-	-	-	-	-	-	-	7,16,514
Net Profit for the year	2019-20	-	-	-	-	-	-	-	-	14,94,402
	2018-19	-	-	-	-	-	-	-	-	17,89,371
Net incurred Claims / Net Earned Premium (%)	2019-20	50.69%	0.00%	28.06%	50.35%	138.69%	35.74%	76.04%		74.99%
	2018-19	22.70%	0.00%	29.71%	40.05%	166.69%	48.82%	77.84%		76.58%

Summary of Financial Statements

Registration No: 123

Date of Registration with IRDA July 15, 2002

(Rs. '000)

Sl. No	Particulars	2019 - 20	2018 - 19	2017 - 18	2016 - 17	2015 - 16
	OPERATING RESULTS					
1	Gross Premium Written (Note 1)	4,39,84,933	4,42,81,599	4,10,25,679	3,13,32,797	2,45,20,034
2	Net Premium Income (Note 2)	3,40,91,950	3,35,23,219	3,19,12,633	2,57,00,667	2,05,75,012
3	Income from Investments (Net)	69,85,744	48,31,385	43,61,043	36,97,105	28,42,842
4	Others	8,79,634	1,819	1,842	1,831	1,351
5	Total Income	4,19,57,328	3,83,56,423	3,62,75,518	2,93,99,603	2,34,19,205
6	Commissions (Note 3)	5,19,587	1,27,235	4,23,291	1,53,090	3,39,561
7	Operating Expenses (Note 4)	1,05,52,805	92,68,816	85,91,622	71,32,603	54,20,407
8	a) Claims	2,57,72,815	2,33,54,995	2,04,83,627	1,63,89,566	1,22,37,676
	b) Increase in Unexpired Risk Reserve and Other Outgoes	(2,78,074)	30,24,277	36,74,217	32,19,955	36,67,025
	c) Premium Deficiency		-	-	(2,955)	2,955
9	Operating Profit / (Loss)	53,90,195	25,81,100	31,02,761	25,07,344	17,51,581
	NON-OPERATING RESULT					
10	Total Income/(Expenses) under Shareholders Account	(28,44,195)	(75,214)	3,63,394	4,63,344	3,79,386
11	Profit / (Loss) before tax	25,46,000	25,05,886	34,66,155	29,70,688	21,30,967
12	Provision for Tax	10,51,600	7,16,514	10,40,098	8,89,233	6,51,498
13	Profit / (Loss) after Tax	14,94,400	17,89,372	24,26,057	20,81,455	14,79,469
	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	1,57,40,797	1,45,34,536	1,29,61,299	1,07,51,023	85,28,552
18	Total Assets (Note 6)	10,54,19,245	9,09,43,099	6,57,12,218	5,07,03,470	4,42,58,493
19	Yield on Total Investments	9.05%	7.92%	8.90%	10.03%	9.58%
20	Incurred claims ratio (NIC/ NEP)	74.99%	76.58%	72.54%	72.91%	72.38%
21	Commission ratio (Net Commission / Net written premium)	1.52%	0.38%	1.33%	0.60%	1.65%
22	Expenses ratio (Expenses / Gross direct premium)	23.99%	20.93%	20.94%	22.76%	22.11%
23	Earnings per Share (Rs.)	5.00	5.99	8.12	6.97	4.95
24	Book Value per Share (Rs.)	52.68	48.64	43.38	35.98	28.54
25	Total Dividend	-	1,79,283	1,79,283	-	-
26	Dividend per Share (Rs.)	-	0.60	0.60	-	-
27	Solvency Margin (times)	1.58	1.55	1.61	1.64	1.61
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, Rs.84,271,746 thousands of the investments representing the Technical Reserves as at March 31, 2020 has been notionally allocated as Policy holders' Funds.
- 6) Total Assets is defined as Net Fixed Assets + Investments + Current Assets+Deferred Tax assets.

PERFORMANCE RATIOS

Registration No: 123

Sl.No.	Type of Ratio	Method of Computing	2019-20	2018-19
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)	2.79	3.05
3	Growth Rate of Net Worth	Net Worth as at the current balance sheet date / Net Worth as at the previous balance sheet date	8.30%	12.14%
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	31.42%	27.10%
7	Expenses of Management to Net Written Premium Ratio (Note 1)	Expenses of management (operating expenses plus direct commission) / Net Written Premium	40.54%	35.80%
8	Net Incurred Claims to Net Earned Premium	Net Incurred Claims / Net Earned Premium	74.99%	76.58%
9	Combined Ratio	Claims paid plus expenses of management plus commission / Net Written Premium	107.46%	104.60%
10	Technical Reserves to Net Premium Ratio	Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims / Net premium	2.22	1.93
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	15.68%	8.46%
13	Liquid Assets to Liabilities Ratio (Note 3)	Liquid assets of the insurer / policy holders' liabilities	0.15	0.11
14	Net Earning Ratio	Profit after tax / Net premium	4.38%	5.34%
15	Return on Net Worth	Profit after tax / Net worth	9.49%	12.31%
16	Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ratio	Available Solvency Margin at the end of the Quarter to the Required Solvency Margin required to be maintained as per regulations	1.58	1.55
17	NPA Ratio			
	Gross NPA Ratio	Gross carrying value of NPA assets over total investments	3.83%	1.91%
	Net NPA Ratio	Net carrying value of NPA assets over total investments	1.93%	1.72%

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.

Schedule	Particulars	Year			Fire		Cargo		Marine		Miscellaneous									
					Total	Motor	Workmen's Compensation	Public / Engineering Product Liability	Aviation	Personal Accident	Health Insurance	Weather	Others	Total Misc	Total					
Schedule 1	Gross Premium for the Current Year / Gross Premium for the previous year	2019 - 20		28.47%	19.54%	8.12%	78.69%	4.47%	(16.36%)		6.84%	15.81%	(95.57%)	(15.95%)	(2.93%)	(0.67%)				
		2018 - 19		(18.68%)	5.37%	13.65%	2.56%	(39.86%)	28.89%	-	35.65%	5.27%	(12.80%)	(8.54%)	10.32%	7.94%				
Schedule 2	Net Retention Ratio (Net Written Premium / (Gross Premium + RI Acceptance)	2019 - 20		41.37%	24.76%	83.01%	95.00%	54.64%	40.00%	-	78.75%	78.37%	12.91%	90.95%	81.65%	77.31%				
		2018 - 19		23.15%	25.39%	87.90%	95.00%	54.53%	31.48%	-	91.13%	92.61%	13.41%	91.66%	79.93%	75.52%				
Schedule 3	Net Commission Ratio (Commission Paid Net of Reinsurance / Net Written Premium)	2019 - 20		(6.87%)	(20.44%)	1.80%	5.79%	4.63%	0.94%	-	0.03%	4.04%	87.01%	14.66%	2.05%	1.52%				
		2018 - 19		(81.97%)	(26.33%)	2.36%	8.75%	(0.54%)	(16.19%)	-	2.74%	6.69%	(25.76%)	(0.27%)	2.13%	0.38%				
Schedule 4	Underwriting Balance Ratio (Underwriting Profit / Net Earned Premium)	2019 - 20		0.43	0.23	1.00	0.23	0.64	0.17	-	0.19	0.08	(0.93)	0.23	(0.09)	(0.07)				
		2018 - 19		0.94	0.24	1.25	0.24	0.13	0.59	-	0.35	0.24	(0.62)	0.09	(0.11)	(0.07)				

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

NOTES

NOTES

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

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



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Cholamandalam MS General Insurance Company Limited
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