April 27, 2024

To
Listing Department
Wholesale Debt Market Segment
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (E)
Mumbai 400 051

Sub: <u>Intimation under Regulation 55 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:</u>

Dear Sir / Madam,

Pursuant to Regulation 55 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, kindly note the credit ratings reaffirmed as given below:

Details of credit rating									
Current rating details									
Sr. No.	ISIN	Name of the Credit Rating Agency	Credit rating assigned	Outlook (Stable/ Positive/ Negative/ No Outlook)	Rating Action (New/ Upgrade/ Downgrade/ Re-Affirm/ Other)	Specify other rating action	Date of Credit rating	Verification status of Credit Rating Agencies	Date of verification
1	2	3	4	5	6	7	8	9	10
1	INE439H08020	CIRSIL Rating Limited	AA	Positive*	Reaffirm	-	April 25, 2024	Verified	December 04, 2020
2	INE439H08020	ICRA Limited	AA	Stable	Reaffirm	-	April 26, 2024	Verified	April 20, 2015

* CRISIL Rating Ltd has revised rating outlook to Positive from Stable while reaffirming the rating at CRISIL AA.

A copy of the letters are enclosed for your information and records.

Kindly take the above on record.

Thanking you,

For **Cholamandalam MS General Insurance Company Limited**

SURESH KRISHNAN

Digitally signed by SURESH KRISHNAN
DN: c=IN, postalCode=600017, st=TAMIL NADU, street=NO 93-2, MYLAI RANGANATHAN STREET, T NAGAR, CHENNAI, l=CHENNAI, o=Personal, serialNumber=31468fe0ac0ac2e7075207771da0b49ac4352dcccc36ec80253bb2cb74e80a83, pseudonym=8692e17aa60c4a8ba35162112495af6f, 2.5.4.20=a390341da734d67e6b607da5df528e2b23a632387c8ea34cd6364d0629320cae, email=SURESHKRISHNAN@CHOLAMS.MURUGAPPA.COM, cn=SURESH KRISHNAN
Date: 2024.04.27 17:23:50 +05'30'

Suresh Krishnan
Company Secretary and Chief Compliance Officer

Encl: As above

CRISIL Ratings

Rating Rationale

April 25, 2024 | Mumbai

Cholamandalam MS General Insurance Company Limited

Rating outlook revised to 'Positive'; Rating Reaffirmed

Rating Action

Rs.100 Crore Subordinated Debt	**CRISIL AA/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**

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1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has revised its outlook on the subordinated debt issue (also known as hybrid instrument) of Cholamandalam MS General Insurance Company Ltd (Chola MS) to **'Positive'** from 'Stable' while reaffirming the rating at '**CRISIL AA'**.

The revision in outlook primarily takes into considerations steady improvement in overall profitability along with strong growth in the business risk profile. It also factors in adequate cushion maintained in the solvency margin over the regulatory stipulation over the last several quarters.

The company has demonstrated its ability to maintain the solvency ratio above 1.75 times on a consistent basis for the last 14-15 quarters despite growing at above 20% in recent years. the solvency ratio stood at 1.8 times as on December 31, 2023.

The capital and solvency position has been supported by steady accretion. Overall profitability (in terms of profit after tax [PAT]) has shown consistent improvement during the past 2-3 years. Net profit stood at Rs 199 crore for fiscal 2023 as against Rs 77 crore a year ago; PAT stood at Rs 264 crore for the first nine months of fiscal 2024. Healthy absolute profitability enabled the company to maintain its business growth rate without any need for capital raise.

In terms of business, Chola MS has maintained higher-than-industry average growth, as reflected in growth of 26% in the company's gross direct premium vis-à-vis industry growth of ~15% over the first nine months of fiscal 2024. The company has registered a growth of 28% and 10% in fiscal 2023 and fiscal 2022, respectively. The company is among the fastest-growing private general insurance company.

The overall rating continues to factor in the strong support from the parents: the Murugappa group (60% stake through Cholamandalam Financial Holdings Ltd) and Mitsui Sumitomo Insurance Co Ltd (MSIG; rated 'A+/Stable/A-1' by S&P Global Ratings). The company also benefits from its association with Cholamandalam Investment and Finance Co Ltd (Chola Finance; 'CRISIL AA+/Stable/CRISIL A1+') and has strong presence in the motor segment.

The rating also factors in sound risk management practices and sound investment policies. However, these strengths are partially offset by limited product diversity as the motor segment contributes to the majority of gross premium.

Analytical Approach

CRISIL Ratings has first assessed the financial strength of Chola MS, which indicates the ability to meet policyholder obligations. For this, CRISIL Ratings has factored in the strong support from the Murugappa group, and the business, financial and management risk profiles of Chola MS. The subordinated debt instrument is then tested for additional risk factors to determine whether the rating should be the same as, or lower than, the financial strength rating. The extent of cushion that the company intends to maintain in the solvency ratio over and above the regulatory stipulation on a steady-state basis is taken into consideration to arrive at the rating on the subordinated debt instrument. The stance of the Murugappa group on the level of cushion the company would maintain in the solvency ratio on a steady-state basis has also been factored in.

Key Rating Drivers & Detailed Description

Strengths:

- **Strong support from the Murugappa group and MSIG:** The company receives significant funding, branding, managerial and technical support from the Murugappa group and MSIG. The Murugappa group, that includes Cholamandalam Financial Holdings Ltd, has two common members on the board of Chola MS. Both the parents are expected to continue supporting the company's growth plan and contribute to any incremental capital requirement. The Murugappa group is also likely to provide timely capital support in case of distress. Reduction in ownership by the group below a majority holding, or any change in CRISIL Ratings' view on the group or opinion on Chola MS's strategic importance to the group, will be rating sensitivity factors.

- **Established presence in the motor segment, with growing presence in other segments:** Chola MS is the ninth largest private player in the general insurance sector of India, with market share of 2.59% as on December 31, 2023.

Chola MS registered a growth of ~26% from Rs 4,389 crore as of December 2022 to Rs 5,525 crore as of December 2023. The company is a sizeable player in the motor segment, with a market share of 5.3%, based on motor gross premium written (GWP) during the nine months ended December 2023. The motor segment premium registered a growth of 16% amounting to Rs 3,525 crore during the nine months ended December 2023, as compared to industry growth of 14%. The company benefits from its partnership with Chola Finance and is the preferred insurer for nearly 30% of commercial vehicles funded by the latter. Chola MS also benefits from its JV partner MSIG and has made robust inroads in getting business from Japanese and Korean companies established in India.

The fire segment premium grew by 11% to Rs 548 crore during the nine months ended December 2023, as compared to Rs 494 crore in the corresponding period of the previous fiscal, whereas the health segment witnessed growth of 33% on account of continued traction in demand for health insurance products. The company has also witnessed growth in other niche segments such as marine and personal accident. The company has tie-ups with large private and public sector banks to expand its presence in the health and personal accident segments as well as commercial lines of business. The company is expected to continue its growth in the health segment going forward, however it is expected to remain largely focused on the retail segment. The company also reentered in crop segment; premium from this segment stood at Rs 406 crore during the nine months ended December 2023. The company is expected to continue its growth in other segments along with the motor segment; however, the portfolio mix is to remain dominated by the motor segment.

- **Adequate level of cushion maintained in solvency margin:** Chola MS reported networth of Rs 2,424 crore as on December 31, 2023 (Rs 2,160 crore as on March 31, 2023) (This is excluding fair value change account [FVCA]balance). As far as the solvency position is concerned, it has remained between 1.7- to1.8 times consistently for the past 14-15 quarters, which is over and above the regulatory stipulation. Solvency stood at 1.8 times as on December 31, 2023 (2.0 times as on March 31, 2023 and 1.95 times as on March 31, 2022) and it is projected be in the range of 1.81-1.83 times over the medium term. The solvency position continues to benefit from steady accretion generated from the business. The capital position of MS Chola will be supported by sound risk management practices and timely, need-based capital infusion by the parent. The management has articulated that it will maintain high level of cushion in the solvency ratio on a steady-state basis and the Murugappa group is supportive of this. The ability to maintain solvency ratio at a similar level on a sustained basis remains a key rating sensitivity factor.

- **Sound risk management practices, however, moderation in underwriting performance remains monitorable:** The company has a comprehensive risk management policy. Its risk management committee discusses and reviews the risks on a quarterly basis and periodically analyses changes in risk categorisation both in terms of risk improvement and risk deterioration as well as emerging risks. During fiscal 2023, the combined ratio for the company improved and stood at 109%, driven by improvement in claims & expense ratio. During the nine months ended December 31, 2023, the combined ratio stood at similar levels of 110%. Resultantly, the underwriting deficit for fiscal 2023 increased to Rs 600 crore from Rs 433 crore for the prior fiscal. For the nine months ended December 2023, underwriting deficit reduced to Rs 463 crore as against a deficit of Rs 475 crore for the corresponding period of the previous fiscal. This was driven by a decrease in expense ratio from 40% to 36%, which may further reduce to ~30-32%. Though robust risk management practices will enable the company to maintain operating performance and solvency margin, the ability to improve its underwriting performance will be key monitorable.

- **Sound investment quality, supported by stringent investment policy:** The company follows stringent investment strategies and invests in sovereign securities or corporate debt instruments typically rated 'AA' or higher. Investments in equities are about 5% of the total investments on book. Liquidity is also comfortable. Government securities accounted for around 67% of the investment portfolio based on book value as on December 31, 2023.

Weakness:

- **Limited diversity in product segments:** The motor segment dominates the portfolio of the company, through the management is trying to change the mix by increasing the business from other segments. The motor segment accounts for 62% of gross premium, against an average of 50% for private insurers. Moreover, the motor third-party segment contributes to 59% of the premium, making the company susceptible to the associated underwriting risks, given the long tail and unlimited exposure. Though the company has also been focusing on the crop business and as of March 2024, the GWP stands at around Rs 495 crore. The company has witnessed growth in every segment it is operating. However, it has maintained a sound underwriting performance so far by being selective about asset segments and geographies. The company continues to be focused on improving product diversity and is gradually expanding its presence in retail health, personal accident, and small and medium enterprise segments through the bancassurance channel. The ability to strengthen its distribution network and increase scale in other retail segments, while keeping costs under control and report underwriting profits, remains monitorable.

Liquidity: Strong

Liquidity remains comfortable, supported by adequate investments in government securities and liquid mutual funds. Around 97% of the debt investments (including government securities) were in securities rated 'AA' or higher as on December 31, 2023. In addition, liquid investment stood at Rs 10,104 crore as on December 31, 2023, including a cash and bank balance of Rs 255 crore. Government securities accounted for 67% of the debt investment portfolio, based on market value as on December 31, 2023.

Outlook: Positive

Chola MS will continue to maintain adequate cushion in its solvency margin while maintaining steady growth in its business profile. The company will also continue to derive strong financial, branding and technical support from the parents, both on an ongoing basis and during distress. The company will also benefit from its established presence in the motor segment and maintain sound risk management practices and investment quality.

Rating Sensitivity factors

Upward factors:

- Upward revision in view of CRISIL Ratings on the credit risk profile of the Murugappa group
- Continuation of trend of maintaining adequate cushion in solvency ratio above regulatory minimum
- Improvement in product diversity and earnings with return on equity maintained at over 17%

Downward factors:

- Downward revision in view of CRISIL Ratings on the credit risk profile of the Murugappa group
- Solvency margin declining and remaining below 1.55 times on a sustained basis
- Moderation in underwriting performance, leading to an any adverse impact on overall profitability
- Sizeable reduction in ownership by, or strategic importance to, the Murugappa group

About the Company

Chola MS is a joint venture of the Murugappa group and MSIG. The company largely operates in the motor segment, with overall market share of 5.3% based on GWP during the nine months through December 2023.

Chola MS had PAT of Rs 199 crore on GWP of Rs 6,157 crore in fiscal 2023, against Rs 77 crore on Rs 4,824 crore respectively in the previous fiscal. For the nine months ended December 2023, the company reported PAT of Rs 264 crore on GWP of Rs 5,525 crore.

Key Financial Indicators

As on/for the period,	Unit	Dec-23	Mar-23	Mar-22
Gross written premium	Rs crore	5525	6157	4824
Networth	Rs crore	2424	2160	1962
Profit after tax	Rs crore	264	199	77
Combined ratio	%	110.4	109.3	111.0
Solvency margin	Times	1.79	2.01	1.95

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

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Annexure - Details of Instrument(s)

ISIN	Name of the instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs. Crore)	Complexity Level	Rating assigned with outlook
INE439H08020	Subordinated debt	02-Jun-2022	8.47%	02-Jun-2032	100	Complex	CRISIL AA/Positive

Annexure - Rating History for last 3 Years

	Current			2024 (History)		2023		2022		2021		Start of 2021
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Subordinated Debt	LT	100.0	CRISIL AA/Positive		--	27-04-23	CRISIL AA/Stable	06-05-22	CRISIL AA/Stable	31-05-21	CRISIL AA/Stable	CRISIL AA/Stable
			--		--		--	28-04-22	CRISIL AA/Stable		--	--

All amounts are in Rs.Cr.

Criteria Details

Links to related criteria
Rating Criteria for General Insurance Companies
CRISILs criteria for Hybrid Issuances of General Insurance Companies
Criteria for Notching up Stand Alone Ratings of Companies based on Group Support

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April 26, 2024

Cholamandalam MS General Insurance Company Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Subordinated debt programme	100.00	100.00	[ICRA]AA (Stable); reaffirmed
Total	**100.00**	**100.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating factors in Cholamandalam MS General Insurance Company Limited's (CMICL) parentage, with Cholamandalam Financial Holdings Limited (CFHL; part of Murugappa Group) and Mitsui Sumitomo Insurance Company Limited (MSI; rated A1/A3[hyb]/Stable by Moody's) holding equity stakes of 60% and 40%, respectively, and the demonstrated operational, managerial and financial support to the company. The rating considers the joint venture partners' representation on CMICL's board of directors and the shared brand name, which further strengthens ICRA's expectation of adequate and timely capital support to the company. The rating also considers the company's established position in the motor segment with a market share of 5.4%[1] in terms of gross direct premium written (GDPI) in 11M FY2024 and the improving investment leverage[2] driven by increased growth, the high share of the long-tail business as well as multi-year policies. CMICL's solvency stood at 1.79 times as on December 31, 2023, with an adequate cushion over and above the regulatory requirement, even though it has declined since FY2023 because of premium growth.

The share of the motor segment in the overall GDPI declined in 11M FY2024 (~65%). However, this was due to the premium underwritten in the crop segment. Moreover, given the focus on reducing the expenses of management (EoM), the share of motor in the overall GDPI is expected to decline further. Despite this, the motor segment will continue to account for a major part of the GDPI in the medium term.

CMICL's profitability improved in 9M FY2024 with the better underwriting performance, further supported by investment income with the improving investment leverage. However, the sustainability of the same remains to be seen. Over the medium term, the company's ability to diversify its product mix and maintain the improvement its profitability and operating efficiency would be critical for enhancing its earnings profile.

The Stable outlook factors in ICRA's expectation that operational, managerial and financial support from CFHL and MSI will be forthcoming. It also considers CMICL's established position in the motor segment.

Key rating drivers and their description

Credit strengths

Strong operational, managerial and financial support from shareholders – CMICL is owned by CFHL and MSI, holding 60% and 40% equity stakes, respectively. CFHL is a part of Murugappa Group, a large business conglomerate with business interests in engineering, fertilisers, abrasives, sugar and financial services among others (key rated entities in the Group include

[1] The market share calculation excludes ECGC Ltd. and Agriculture Insurance Company of India Limited
[2] Investment leverage = (Total investment - Sub-debt)/Net worth excluding fair value changes)

Cholamandalam Investment and Finance Company Limited[3] and Tube Investments of India Limited[4]). MSI, a subsidiary of Japan-based MS&AD Insurance Group Holdings Inc, has a strong global presence in the life and non-life insurance segments. CMICL derives support from the shareholders in the areas of sourcing, underwriting, reinsurance, product development, claims processing and internal controls. It also has adequate board representation with eight directors, including three from Murugappa Group companies and two from the foreign shareholder while the rest are independent directors.

CMICL's reported solvency stood at 1.79 times as on December 31, 2023 (2.01 times as on March 31, 2023), staying above the regulatory requirement of 1.50 times and ICRA's negative trigger of 1.60 times on a sustained basis. The company has headroom for raising additional sub-debt of ~Rs. 121 crore as of December 31, 2023, which provides financial flexibility to meet its growth plans. Further, ICRA expects support from the parents to be forthcoming if required.

Established market position in motor segment, aided by wide distribution reach – CMICL benefits from Murugappa Group's presence in the dealer location through the Group's captive distribution company, which has ~550 branches in India, mostly in Tier-2/3 cities. The corporate agency channel (includes the captive distribution entities) contributed 33% to the GDPI in 9M FY2024. Other key distribution channels include brokers (36%) and bancassurance (15%). Aided by the recurring business sourced through these channels, the growth in the motor segment, which constituted 65% of CMICL's business in 11M FY2024, was higher than the industry average in the last two years with a market share of 5.4% in 11M FY2024 (4.9% in FY2022). While the share of motor in the product mix is expected to decline on account of diversification of the product lines, it is likely to remain the dominant contributor in the medium term.

Credit challenges

Moderate profitability – CMICL's profitability remained moderate with an average return on equity (RoE) of 10.4% and an average combined ratio of 109.1% during FY2020 to 9M FY2024. While the company has been reporting underwriting losses, the net profitability is supported by investment income, with investment leverage of 6.76 times as on December 31, 2023, which remained better than peers due to increased growth and the high share of the long-tail business as well as multi-year policies.

CMICL's combined ratio improved in 9M FY2024 compared to 9M FY2023 on account of the improvement in the expenses of management ratio (32.2% in 9M FY2024 compared to 36.3% in 9M FY2023), aided by the underwriting of the crop segment, which is sourced directly. The improvement in the total expense ratio was partly offset by the higher loss ratio (74.3% in 9M FY2024 vs. 71.4% in 9M FY2023) due to the increased natural catastrophic losses in the fire and engineering lines and the higher loss ratio in the crop segment. Despite the underwriting loss of Rs. 462 crore in 9M FY2024 (versus Rs. 475 crore in 9M FY2023), the company reported a net profit of Rs. 264 crore compared to Rs. 116 crore in 9M FY2023, driven by higher investment income, aided by the increase in the investment leverage (6.76 times vs. 6.40 times).

Given the new EoM guidelines, the company plans to reduce its expense ratio[5] to the specified regulatory level of 30% by FY2026. This will be supported by the changes in the product mix, with an increase in the share of the bulk business segments, like crop as well as government health, and the share of commercial business, which has a lower acquisition cost. The impact of this regulatory change on profitability will remain a key monitorable.

Product concentration towards motor segment – CMICL faces stiff competition from private as well as public sector general insurance companies in India. While its market share in the motor segment stood at 5.4% in 9M FY2024, its presence in other segments remained limited. CMICL is consciously looking to improve its presence in segments such as small and medium enterprises (through fire and property insurance products) and health and personal accident among others. Further, within motor, the company has diversified into two-wheelers and private cars (17% and 40%, respectively, of the motor segment

[3] Rated [ICRA]AA+ (Positive) for its non-convertible debentures and [ICRA] A1+ for its commercial paper programme

[4] Rated [ICRA]AA+ (Stable) for its non-convertible debentures and [ICRA] A1+ for its commercial paper programme

[5] Expense ratio: (Direct commission + Commission paid on reinsurance assumed + operating expenses)/(Gross Written Premium)

GDPI in 9M FY2024). CMICL's ability to grow its market share in other segments and improve its profitability amid rising competition is to be seen.

CMICL had contingent liabilities of Rs. 717 crore {of which it has deposited Rs. 80 crore under protest, which has been reduced from the available solvency margin (ASM)} as on December 31, 2023. ICRA takes cognisance of the relatively high level of contingent liability (29.6% of net worth as on December 31, 2023). This is due to the income tax demand pertaining to the incurred but not reported (IBNR) reserve as well as the non-payment of goods and services tax on co-insurance and reinsurance transactions. These matters are currently pending before the tax authorities. The crystallisation of such liabilities would constrain the profitability and solvency further and would be a key rating monitorable.

High share of Motor-TP business exposes CMICL to reserving risks – A major risk faced by an insurance company is the underwriting of business at adequate premium pricing. The uncertainty regarding the extent of claims is relatively higher in the Motor-third party (TP) segment, which is long-tail in nature and accounted for 43-47% of CMICL's total GDPI in the last few years (declined to 38.5% in 9M FY2024). The long-tail nature of the Motor-TP segment, given the legal process involved for claim settlement, could result in uncertainty regarding the level of future claims in relation to the past reserves made for this segment. The company's loss-reserving triangle, which involves actuarial estimates, indicates that it has maintained adequate reserves with favourable developments in recent years. However, the eventual outcome for the risk-in-force may be known with considerable lag, which could impact future profitability and solvency. Further, the profitability of this segment could be impacted as the pricing of Motor-TP rates is regulated.

Liquidity position: Strong

The company's net premium was Rs. 4,610 crore in FY2023 in relation to the maximum net claims paid of Rs. 1,927 crore in the last few years, reflecting strong ability to pay claims from the operating cash flow. The long-tail Motor-TP business also aids its liquidity profile. It had investments in Central/state government securities of Rs. 10,087 crore, accounting for 62.7% of the total investments as on December 31, 2023, further supporting its liquidity to meet any unexpected rise in the claims of policyholders. CMICL's shareholders' investment of Rs. 2,302 crore also remains strong in relation to the Rs. 100-crore sub-debt outstanding as on December 31, 2023.

Rating sensitivities

Positive factor – The rating could be revised if there is an improvement in Murugappa Group's credit profile and a sustained increase in CMICL's profitability along with market share expansion.

Negative factors – The rating could be revised in case of a material deterioration in the credit risk profile of the parents or a decline in the strategic importance of CMICL or in the expectation of support from the promoters or a change in the parentage. Additionally, a decline in the company's solvency ratio below 1.60 times on a sustained basis could lead to a rating downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	General Insurance Companies Rating approach – Implicit parent or group support
Parent/Group support	Parent/Investor: Murugappa Group and MSI The rating factors in the high likelihood of support from Murugappa Group and MSI, given the shared brand name and representation on the board.
Consolidation/Standalone	The rating is based on the standalone financial statements of the issuer.

About the company

Cholamandalam MS General Insurance Company Limited (CMICL) is a joint venture between Cholamandalam Financial Holdings Limited (part of Murugappa Group) and Mitsui Sumitomo Insurance Group of Japan (rated A1 on the long-term and insurance financial strength by Moody's). CMICL offers a wide range of products including accident, engineering, health, liability, marine, motor, property and travel insurance for individuals and corporates. The Foreign Direct Investment Rules were amended in FY2016, whereby foreign holding in an insurance company was increased to 49% of the insurer's share capital. Following this, MSI increased its shareholding in the company to 40% from 26% of the share capital by purchasing equity from the Murugappa Group company.

Key financial indicators

CMICL	FY2022	FY2023	9M FY2024*
Gross direct premium	4,824	6,156	5,525
PAT	77	199	264
Net worth	1,991	2,192	2,694
Total investments	12,534	14,715	16,086
Combined ratio	111.0%	109.3%	110.4%
Return on equity – PAT/Adjusted net worth	3.9%	9.2%	14.5%
Solvency ratio (times)	1.95	2.01	1.79

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; Provisional*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2025)				Chronology of Rating History for the Past 3 Years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding as on Apr 19, 2024 (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
					Apr 26, 2024	Apr 28, 2023	May 23, 2022	Sep 08, 2021
1	Subordinated debt programme	Long term	100.00	100.00	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	-
2	Subordinated debt programme	Long term	100.00	-	-	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Subordinated debt programme	Moderately Complex

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
INE439H08020	**Subordinated debt programme**	June 02, 2022	8.47%	June 02, 2032*	100.00	[ICRA]AA (Stable)

*Source: Company; *Call option exercisable at the end of five years from deemed date of allotment and every coupon payment thereafter*

Key features of rated debt instrument

The rating also factors in the key features of the instrument, in line with the applicable guidelines for subordinated debt:

- Servicing of interest is contingent on the company maintaining a solvency ratio above the levels stipulated by the regulator[6]
- If the interest payouts lead to a net loss or an increase in the net loss, prior approval of the regulator would be required to service the debt

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Not Applicable	Not Applicable	Not Applicable

[6] *As per IRDAI regulations, insurers are required to maintain a minimum solvency ratio of 150%*

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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