

Customer Service shaped by Innovation



Our Vision

To be the most admired insurance company that enables the continued progress of customers by being responsive to their needs.

Our Values



Sensitivity

We will build our business on empathy and an inherent understanding of both our internal and external customers' needs.

Excellence

We will always strive to offer innovative products and services and endeavour to set new benchmarks to do things better each time.

Ethics

We will honour our commitments and be transparent in our dealings with all our stakeholders.

Dynamism

We will be pro-active with a “can do” approach.

Awards & Recognitions

ISO Certification for Operation & Services, Customer Experience Management and Claims Management	ISO Certification for the Standardization and Uniformity of Information Security processes being followed across all branches & locations.	iAAA Rating by ICRA	ICAI Awards for Excellence in Financial Reporting Annual Report FY 2015-16 under the Category IV – Insurance Sector

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Chairman's Message



“ In FY 17, the General Insurance sector grew by 32%, recording its highest growth rate in the last 15 years. ”

Macroeconomic parameters for the Indian economy have been improving consistently over the last six to eight quarters – inflation has been largely benign, the current account deficit remains contained and liquidity conditions have eased. The business sentiment continues to be positive, largely owing to political stability and some reforms starting to come through. Contrary to initial apprehensions, the impact of demonetization on growth has been marginal and temporary at best, and the economy is back on the growth path after a couple of slow quarters. However, weak investment demand, partly emanating from a leveraged corporate sector alongside a stressed banking sector, remains a challenge. At a time when the global economy seems poised for a turnaround after years of sluggish growth, we hope the investment cycle turns sooner and builds on the improving macro parameters.

After a few years of sluggish growth the insurance industry seems to have picked up pace and is beginning to show impressive growth potential. As a result there is clear demonstration of increased confidence from the stakeholders. During this period many foreign joint venture partners increased their stake in the companies. Pursuant to the Insurance Regulatory and Development Authority of India (IRDAI) issuing revised reinsurance regulations, the year saw many foreign reinsurers commencing branch operations in India, offering risk capacity to the Indian market. There are a few new private insurers awaiting regulatory approvals to commence operations in the Indian market. IRDAI also issued revised regulations amongst others relating to expenses of management, point of sales persons and Payment of Remuneration and Reward to Insurance Agencies and Intermediaries. These changes in regulations and the increased competitive intensity are expected to result in deeper insurance reach and enhanced insurance solutions available to policyholders.

In FY17, the General Insurance sector grew by 32%, recording its highest growth rate in the last 15 years. The launch of the Government's new crop insurance scheme – Pradhan Mantri Fasal Bima Yojana – resulted in expansion of the crop insurance market, which grew by 280% on a YoY basis. Accident and Health segment grew at a robust rate of over 25%, while the price correction undertaken by insurance industry saw motor segment witness a healthy growth of 19%.

Consequent to the acquisition of HDFC General (formerly known as 'L&T General') by HDFC ERGO, the combined market share of HDFC ERGO (including HDFC General) improved from 4.0% for FY16 to 4.9% for FY17. With gross written premium of ₹ 6,289 crore (combined), the Company registered a growth of 59% over FY16. Further, portfolio steering measures and integration efforts resulted in an improvement in profitability – profit before tax increased from ₹ 101 crore in FY16 to ₹ 359 crore in FY17.

In line with its values of 'Sensitivity, Excellence, Ethics and Dynamism', your Company continues to undertake various technology-driven initiatives for superior customer service delivery.

I take this opportunity to thank all the stakeholders for their support towards the Company, and look forward to the continued support in the coming years.



Deepak S. Parekh
Chairman

MD & CEO's Message



“ In FY17, HDFC ERGO completed the first acquisition in the Indian insurance industry. ”

A stable Government at the centre led to a more predictable economic climate in FY17. After a strong growth in the first half of FY17, the economic growth witnessed a marginal slowdown in the second half on account of demonetization of specified currency notes in November 2016. Nevertheless, the economy was back on growth path by the end of the year, led by private consumption, exports and government expenditure. We expect investments to pick up in the coming quarters, which would further augment economic growth.

The growth of the non-life industry is directly linked to the economic growth, and this was reflected in the industry performance for FY17 as well. The general insurance industry wrote gross direct premium of over ₹ 127,600 crore, registering a growth of 32.4% (FY16:13.8%). The growth was led by crop insurance, which now constitutes 16.1% of the industry as compared to 5.6% for the previous year. Despite the temporary slowdown in the economy owing to demonetization, the non-crop segments registered a robust growth of 17.7%, led by Motor (18.6%), Health (23.8%) and Personal Accident (37.9%) segments. The growth momentum of auto sales was impacted by demonetization – sales de-grew by 2.3% in the second half of the year as compared to 16.3% growth in the first half, resulting in annual growth rate of 6.8%. As a result, motor own damage segment grew by merely 11.0%, while the third party segment led the motor segment growth with a 26.3% growth. Private sector insurers (including standalone health insurers) grew by 35.9%, capturing further market share from the public sector insurers, who grew by 29.5%. In FY18, we expect the Motor, Health and Personal Accident segments to continue to drive the industry growth.

In FY17, HDFC ERGO completed the first acquisition in the Indian insurance industry, by acquiring 100% stake in HDFC General Insurance Limited (formerly known as 'L&T General Insurance Company Limited') from Larsen & Toubro. For meaningful comparison, we discuss here the performance of HDFC ERGO (including HDFC General) for full year FY17 as compared to FY16.

Our gross written premium grew by 71.2% during the year, from ₹ 3,949 crore to ₹ 6,289 crore. Due to overall expansion of the Rural and Agri Business market size, this business registered a strong growth this year, from ₹ 299 crore in FY16 to ₹ 2,022 crore in FY17. Further, focus on portfolio steering measures in HDFC General after the acquisition resulted in our non-crop business growing by 16.9% to ₹ 4,267 crore in FY17, in line with the industry growth of 17.7%.

On an overall basis, our combined ratio improved this year, on account of integration efforts post-acquisition and higher share of crop business in our portfolio as compared to the previous year. Considering full year figures for HDFC General and HDFC ERGO, our expense ratio was 27.5%, and loss ratio was 77.2%, resulting in an overall combined ratio of 104.8%. As a result, the Company achieved profit before tax of ₹ 359 crore as compared to ₹ 101 crore last year. HDFC ERGO declared an interim dividend of 12.5% for FY17.

During the year, your Company sold over 5.5 million policies through its 114 branches and various channel partners. The Company has put in place robust systems in place resulting in around 87% of these policies being issued in touch free mode. Your Company continued to launch various customer-centric initiatives during the year as it progressed on its digital journey. Presence across physical, web and mobile modes enables anytime, anywhere access to our products and services. Predictive analytics enables us to offer customized insurance solutions to our customers. Further, rule-based processing, supported by artificial intelligence based solutions, facilitates efficient service delivery for standard requests. Your Company continues to evaluate innovative technologies to further support its pursuit of service excellence.

I take this opportunity to thank all our stakeholders for the contribution made in this challenging business environment and look forward to the continued support with expected improvement in economic activity.



Ritesh Kumar
MD & CEO

Company Highlights

- 3rd largest General Insurance Company in private sector.
- Gross Written Premium grew on combined basis at 25% for the last 5 years.
- Overall market share grew to 4.9% in the current year.
- Largest player in personal accident lines in the industry.
- iAAA rated by ICRA (an associate of Moody's Investors Service) indicating highest claims paying ability.
- ISO 9001: 2008 certification for its Claim Services, Policy Issuance and Customer Services.
- Spread across 114 branches in 91 cities and a close knit family of 2600+ professionals.
- Company continues to be compliant on Solvency Ratio.
- Servicing more than 5.5 million policies.

Directors - With effect from August 16, 2017 (Effective Date)

Mr. Deepak S. Parekh - Chairman	Mr. Andree Moschner	Mr. Arvind Mahajan
Mr. Keki M. Mistry	Dr. Jagdish Khattar	Mr. Anuj Tyagi - Executive Director
Ms. Renu Sud Karnad	Mr. Bernhard Steinruecke	Mr. Mukesh Kumar - Executive Director
Mr. Alexander Ankel	Mr. Mehernosh B. Kapadia	Mr. Ritesh Kumar - MD & CEO

Directors - Prior to August 16, 2017 (Effective Date)

Mr. Yeshwant Deosthalee	Ms. Raji Vishwanathan	Mr. Ritesh Kumar
Mr. Sivaraman Narayanaswami	Ms. Rupa Nitsure Rege	Ms. Rachana Dogra
Mr. Ramamurthi Raman	Mr. Gopaldaswamy Rangan	Mr. Mukesh Kumar - MD & CEO
Mr. Mukund Chitale	Mr. Bernhard Steinruecke	
Mr. Haris Ansari	Mr. Mehernosh B. Kapadia	

Senior Management

Mr. Ankur Bahorey
 Mr. Sanjay Kaw
 Mr. Mehmood Mansoori
 Mr. Anurag Rastogi
 Mr. Samir H. Shah

Appointed Actuary

Mr. Anurag Rastogi
 (Upto: August 16, 2017)
 Mr. Puneet Sudan
 (From: August 16, 2017)

Auditors

G.M. Kapadia & Co.
 Chartered Accountants
 B. K. Khare & Co.
 Chartered Accountants

Company Secretary

Mr. Dayananda V. Shetty

Bankers

HDFC Bank Ltd.

Debenture Trustee

IDBI Trusteeship Services Limited
 Asian Building, Ground Floor,
 17, R. Kamani Marg, Ballard Estate,
 Mumbai - 400 001
 Tel. No: +91 22 40807062
 Fax No: +91 22 22882312

HDFC ERGO General Insurance Company Limited. (Formerly HDFC General Insurance Limited from Sept 14, 2016 and L&T General Insurance Company Limited upto Sept 13, 2016). CIN: U66030MH2007PLC177117

Registered & Corporate Office: 1st Floor, HDFC House, 165 - 166 Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai - 400 020

Customer Service Address: 6th Floor, Leela Business Park, Andheri Kurla Road, Andheri (E), Mumbai - 400 059 | Tel.: +91 22 6638 3600
 Fax: 91 22 6638 3699 | care@hdfcergo.com | www.hdfcergo.com | IRDAI Reg No. 146

Brief Profile of the Directors



Mr. Deepak S. Parekh (DIN: 00009078) is the Chairman of the Company and its holding company - Housing Development Finance Corporation Limited (HDFC), India's premier Housing Finance Company. He is a fellow of The Institute of Chartered Accountants (England & Wales). He joined HDFC in a senior management position in 1978. He was inducted as a Whole-time Director of HDFC in 1985 and was appointed as its Managing Director (designated as 'Chairman') in 1993 and continued to be appointed as such from time to time. He retired as the Managing Director of HDFC with effect from the close of business hours on December 31, 2009.



Mr. Keki M. Mistry (DIN: 00008886) is a Non-Executive Director of the Company. Mr. Mistry is the Vice Chairman & Chief Executive Officer of HDFC. He is a fellow of The Institute of Chartered Accountants of India. He has been employed with HDFC since 1981 and was appointed as the Executive Director in 1993. He was appointed as the Deputy Managing Director of HDFC in 1999 and as the Managing Director in 2000. He was last re-appointed as the Managing Director, designated as Vice Chairman of HDFC in for a period of 3 years w.e.f. November 14, 2015.



Ms. Renu Sud Karnad (DIN: 00008064) is a Non- Executive Director of the Company. Ms. Karnad is the Managing Director of HDFC. She holds a Master's degree in economics from the University of Delhi and is a graduate in law from the University of Mumbai. She is a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, U.S.A. She has been employed with HDFC since 1978 and was appointed as the Executive Director in 2000 and was re-designated as its Joint Managing Director in October 2007 and thereafter appointed as its Managing Director w.e.f. January 1, 2010.



Mr. Alexander Ankel (DIN: 07798908) is a Non- Executive Director of the Company. Mr. Alexander Ankel is the Chief Operating Officer of ERGO International and the Appointed Chairman of the Board of Management of ERGO International AG since November 1, 2016. Prior to that until 2016, he was the Group CEO of Khazanah Nasional Berhad's Insurance Holding, Avicennia Capital Sdn. Bhd., Malaysia. During the period from 1997 to 2014, Mr. Ankel has held various positions at Allianz Group and lastly as Regional Chief Executive Officer - Asia of Allianz Global Corporate & Specialty SE, Singapore.



Mr. Andree Moschner (DIN: 07570267) is a Non- Executive Director of the Company. Mr. Moschner is responsible for Financial Products as Member of the Board at ERGO Group AG, Düsseldorf, since April 1, 2016. He has graduated in Economics at University of Duisburg, Germany, and started his career in banking at Deutsche Bank in a Project Leadership Team. In the following he served as a Board Member of Deutsche Bank PBC and Dresdner Bank before joining Allianz Deutschland as Member of the Board.



Dr. Jagdish Khattar (DIN: 00013496), former officer of Indian Administrative Service (IAS) is an Independent Director of the Company. While in the administrative service he held various positions in the State and Centre. Most of the assignments were as Head of Public Sector Undertakings in Cement, Transport, Tea Board etc. He took voluntary retirement from the service to join Maruti Udyog Ltd. in 1993. He was Managing Director of Maruti Suzuki India Ltd. from 1999 to 2007. Dr. Khattar was recognized by various channels for his contribution to the automobile industry. In 2003, he received Entrepreneur Manager award from E&Y. He was awarded prestigious Founders' Award 2008 by JD Powers & Associates, only in India and fourth international CEO of an auto company to be recognized in the last 50 years. An Honours graduate in Arts from St. Stephens College, Delhi University, Dr. Khattar also holds a degree in Law. He has been conferred an Honorary Doctorate of Business Administration by the London Metropolitan University, UK. In 2008, he founded Carnation Auto, India's largest automotive sales and service network. In 2013, his book "Driven – Memoirs of a Civil Servant Turned Entrepreneur" was released nationwide.

Brief Profile of the Directors



Mr. Bernhard Steinruecke (DIN: 01122939) is the Director General of Indo-German Chamber of Commerce. He studied Law and Economics in Vienna, Bonn, Geneva and Heidelberg and has a Law Degree from the University of Heidelberg in 1980 (Honours Degree) and passed his Bar exam at the High Court of Hamburg in 1983. Mr. Steinruecke was the former Co-CEO of Deutsche Bank India and Co-Owner and Speaker of the Board of ABC Privatkunden-Bank, Berlin. Mr. Steinruecke was appointed as an Independent Director of the Company for a period of 5 years w.e.f. September 9, 2016.



Mr. Mehernosh B. Kapadia (DIN: 00046612) holds a Master's degree in Commerce (Honours) and is a Member of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India. Most of his corporate career of 34 years has been with Glaxo Smith Kline Pharmaceuticals Limited (GSK) where he has worked for over 27 years. He retired as the Senior Executive Director and Chief Financial Officer of GSK w.e.f. December 1, 2014. Over the years, he has been responsible for an extensive range of finance and company secretarial matters. He has also held management responsibility for other functions during his tenure with GSK, including Investor Relations, Legal and Compliance, Corporate Affairs, Corporate Communications, Administration and Information Technology, and held the position of Company Secretary for many years. He has been appointed as an Independent Director of the Company for a period of 5 years w.e.f. September 9, 2016.



Mr. Arvind Mahajan (DIN: 07553144) is an Independent Director of the Company. He is a graduate (B.Com. Hons) from Shriram College of Commerce, Delhi University and has a Post Graduate Diploma in Management from IIM, Ahmedabad. Mr. Mahajan has more than 35 years' experience in management consulting and industry. His management consulting experience includes more than 22 years as partner with AF Ferguson & Co, Price Waterhouse Coopers, IBM Global Business Services and most recently with KPMG. His industry experience was with Procter and Gamble in financial management and management reporting. In his career at KPMG India he has lead business consulting services and later the Energy, Infrastructure, Government and Healthcare practices of the firm. He also had the privilege of being member of KPMG's Global Business Consulting and Global Infrastructure Sector Leadership teams. His specialization is in advising CEOs & Boards in area of business strategy and helping "make strategy happen" through growth and transformation initiatives. He also has strong background in corporate finance, enterprise risk management and people and change. He has advised clients in a diversified portfolio sectors including consumer, financial services, technology, media, telecom, energy, infrastructure & government. Mr. Mahajan has strong understanding of technology including disruptive trends. While at IBM, he has lead technology strategy and the communication sector vertical. He has also been member of KPMG's Global Think Tank, which was involved in identifying disruptive trends and developing the long term strategy for the firm.



Mr. Anuj Tyagi (DIN: 07505313) is the Executive Director of the Company, appointed for a period of 5 years w.e.f. May 1, 2016. Mr. Tyagi is a Chemistry (H) graduate from Delhi University and has a Post Graduate Diploma in Business Management. Anuj has about 17 years of work experience in insurance and banking. He joined the Company in 2008 as Head - Corporate Business Group and is currently responsible for Wholesale and Retail business and Reinsurance functions of the Company.



Mr. Mukesh Kumar (DIN: 06864359) is an Executive Director of the Company. Mr. Kumar is an Arts graduate from Allahabad University. Mr. Mukesh Kumar has about 37 years of work experience in the Insurance Industry, covering functions such as Business Development, Underwriting, Claims, Human Resources, Quality Management and Marketing, including 22 years of experience at the National Insurance Company Limited. Mr. Mukesh Kumar was re-appointed as an Executive Director of the Company for a period of 2 years w.e.f. June 1, 2017. He is primarily responsible for Underwriting & Claims, Strategy, IT, Operations, Marketing and Human Resources functions of the Company.



Mr. Ritesh Kumar (DIN: 02213019) is the Managing Director and CEO of the Company. Mr. Kumar has about 25 years of experience in the Financial Services Industry, of which the first 10 years were in Banking and the last about 15 years in Insurance. Mr. Kumar is a commerce graduate from Shriram College of Commerce, Delhi and holds a MBA degree from Faculty of Management Studies (FMS), Delhi.

Directors' Report

TO THE MEMBERS

Your Directors are pleased to present the Tenth Annual Report of your Company together with the audited financial statements for the financial year ended on March 31, 2017.

Change of Ownership and Control and Merger of the Holding Company

On September 9, 2016, pursuant to receipt of approval from the Insurance Regulatory and Development Authority of India (IRDAI) and the Competition Commission of India, Larsen & Toubro Limited, the promoter of the Company sold its entire shareholding to HDFC ERGO General Insurance Company Limited (Transferor Company), pursuant to which the Company became a wholly owned subsidiary of the Transferor Company. The name of the Company was thereafter changed to HDFC General Insurance Limited (HGI) with effect from September 14, 2016.

The Board of Directors at its meeting held on September 16, 2016 approved the Scheme of Arrangement ('Scheme') for merger of the Transferor Company with the Company with Appointed Date as January 1, 2017. Thereafter, on October 5, 2016, the Company filed the Company Summons for Directions with the Hon'ble High Court of Judicature at Bombay, which was later on transferred to the National Company Law Tribunal, Mumbai Bench (NCLT) pursuant to the notification of Sections 230 to 233 of Companies Act, 2013 (Act) pertaining to Compromises, Arrangements and Amalgamations.

As directed by the Order of NCLT dated January 20, 2017, the meeting of equity shareholders of both the Transferor Company and the Company was convened on March 29, 2017 wherein the shareholders of both the companies approved the amendment to the Scheme, providing for increase in the amount of reduction of capital from ₹ 207 crore to ₹ 221.39 crore and the amended Scheme. Both the companies thereafter filed the Company Petition with NCLT on April 5, 2017 and after the admission hearing which was held on April 20, 2017, the final hearing on the Petition took place on June 23, 2017.

At the said final hearing, NCLT sanctioned the Scheme under Sections 230 to 232 of the Act providing for merger of the Transferor Company with the Company. The certified copy of the Order was received on July 12, 2017. Thereafter, the IRDAI vide its letter dated August 14, 2017 gave its final approval to the merger with the Effective Date as August 16, 2017. Pursuant to the Scheme, all the assets and liabilities of the Transferor Company have been transferred to and vested in the Company with effect

from the Appointed Date i.e. January 1, 2017 on a going concern basis, in the manner more particularly provided in the Scheme. The Scheme was accordingly been given effect to in the financial statements for the year ended March 31, 2017.

Further, in accordance with the Scheme, the Company retained the name of the Transferor Company, which was duly approved by the Ministry of Corporate Affairs.

All the information, financial or otherwise stated in this report is for the period of 12 months of the Company and 3 months of the Transferor Company.

Financial Results (₹ in crore)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Gross Written Premium	2,252.4	482.6
Net Written Premium	999.1	364.6
Net Earned Premium	989.1	297.8
Other Income/Liabilities written back	1.6	1.4
Net Incurred Claims	769.8	222.7
Net Commission (Income) / Expenses	(152.5)	9.1
Expenses of Management	485.6	215.0
Investment Income – Policyholders	173.7	32.2
General Insurance Result	61.4	(115.4)
Investment Income – Shareholders	59.9	13.4
Profit/(Loss) before Tax	121.4	(102.0)
Provision for Tax	(3.0)	0.0
Profit/(Loss) after Tax	124.4	(102.0)
Transferred to Reserves	9.7	0.0
Profit/ (Loss) carried to Balance Sheet	114.7	(102.0)
Debit balance in P & L account at the year end	(448.3)	(563.0)

Performance

On a standalone basis, the gross written premium (GWP) of the Company aggregated to ₹ 354.5 crore as compared to ₹ 482.6 crore in the Previous Year. The loss for the year amounted to ₹ 39.7 crore as compared to ₹ 102.0 crore during the Previous Year.

For the full financial year 2016-17, on a standalone basis, the GWP of the Transferor Company increased by 71.2%, from ₹ 3,466.5 crore to ₹ 5,934.6 crore. The Transferor Company achieved a Profit before Tax of ₹ 398.9 crore (PY: ₹ 202.8 crore) representing a growth of 96.7%. The Profit after Tax was ₹ 277.2 crore as against ₹ 151.4 crore in FY 2015-16. The net earned premium increased to ₹ 2,301.6 crore from ₹ 1,708.5 crore in FY 2015-16.

After giving effect to the merger with effect from the Appointed Date, the GWP for FY17 aggregated to ₹ 2,252.4 crore and Profit before Tax amounted to ₹ 121.40 crore and Profit after Tax was ₹ 124.41 crore.

Dividend

During FY17, the Transferor Company had approved payment of an interim dividend of ₹ 1.25 per equity share of ₹ 10 each in December 2016.

No final dividend was recommended by the Board of Directors for FY17.

Changes in Paid up Share capital

During the year, the Company allotted 62,000,000 equity shares of ₹ 10 each for cash at par on Rights basis in accordance with the provisions of Section 62(1)(a) of the Act. This also includes allotment of 15,000,000 equity shares of ₹ 10 each after the acquisition by the Transferor Company.

Considering the accumulated losses, at the Extra-Ordinary General Meeting held on September 16, 2016 and pursuant to the provisions of Section 100 of the Companies Act, 1956 and Article 3 of the Articles of Association of the Company and subject to the approval of the Hon'ble High Court of Judicature at Bombay, you had approved the reduction in paid up share capital from ₹ 7,520,000,000 consisting of 752,000,000 equity shares of ₹ 10 each to ₹ 5,450,000,000 consisting of 545,000,000 equity shares of ₹ 10 each by cancelling 207,000,000 equity shares of ₹ 10 each.

Further, at the NCLT convened meeting held on March 29, 2017, you had approved (i) amendment to the Scheme providing for increase in amount of reduction in paid up share capital from ₹ 2,070,000,000 to ₹ 2,213,900,000 and (ii) the amended Scheme duly incorporating the said amendment.

As on the Effective Date, the Transferor Company held 767,000,000 equity shares of ₹ 10 each of the Company, aggregating to ₹ 7,670,000,000.

Pursuant to the Scheme coming into effect, the Paid up equity share capital after the said reduction stands at ₹ 5,456,100,000, consisting of 545,610,000 equity shares of ₹ 10 each.

In terms of the Scheme, the said shares were cancelled and the shareholders of the Transferor Company were allotted in the aggregate 600,465,850 equity shares of ₹ 10 each, aggregating to ₹ 6,004,658,500, at the ratio of one fully paid up equity share of face value of ₹ 10 each of the Company, for each equity share of ₹ 10 each held in the Transferor Company.

Issue of Non-Convertible Debentures

During the year, with an object of further strengthening the solvency by way of augmenting capital under 'Other Forms of Capital' to facilitate growth, the Transferor Company had issued and allotted 3,500 Unsecured, Subordinated, Fully Paid-up, Listed, Redeemable Non-Convertible Debentures (NCDs) of the face value of ₹ 1,000,000 each, on a private placement basis, with a coupon of 7.60% per annum, payable annually for cash aggregating to ₹ 350 crore, in accordance with IRDAI (Other Forms of Capital) Regulations, 2015 ('OFC Regulations') and SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended. The date of allotment of NCDs is November 9, 2016.

The NCDs are redeemable at the end of 10 years from the date of allotment with a call option to the Company at the end of 5 years from the date of allotment.

The NCDs are rated by CRISIL and ICRA and were assigned the highest rating of CRISIL AAA/Stable and ICRA AAA/Stable. The NCDs are listed on the Whole Sale Debt Market Segment of BSE Limited w.e.f November 23, 2016. Pursuant to the merger, the said liabilities form part of the liabilities of the Company.

Debenture Redemption Reserve

In accordance with the provisions of Section 71 of the Act read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, during the year, an amount of ₹ 9.72 crore was transferred to the Debenture Redemption Reserve from profit.

Extract of Annual Return

The extract of the Annual Return in prescribed form MGT- 9 is appended.

Number of meetings of the Board

During the year, the Board met seven (7) times on

May 6, 2016, June 3, 2016, July 27, 2016, September 9, 2016, September 16, 2016, October 17, 2016 and January 24, 2017.

The details of attendance of the Directors at the Board and Committee meetings are provided in the Report of the Directors on Corporate Governance.

Policy on Director's Appointment and Remuneration

The Transferor Company had in place a Board approved Policy on Appointment of Directors and Members of Senior Management (Appointment Policy) and a Policy on Remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other Employees (Remuneration Policy).

Pursuant to the Scheme coming into effect, with objective of integration, the Company has adopted the Appointment Policy and Remuneration Policy of the Transferor Company.

The Appointment Policy inter-alia provides for a framework and set standards for the appointment of high quality directors who should have the capacity and ability to lead the Company towards achieving its stated goals and strategic objectives, taking into account the interest of all stakeholders including policyholders, channel partners and employees.

During the year, pursuant to the Guidelines on Remuneration of Non-Executive Directors, Managing Director / Chief Executive Officer / Whole-time Directors of Insurers issued by IRDAI vide Circular No. IRDA / F&A / GDL / LSTD / 155 / 08 / 2016 dated August 5, 2016 (IRDAI Guidelines), requisite amendments were carried out in the Remuneration Policy.

The said Policies are available on the website of the Company (www.hdfcergo.com).

Disclosures 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 that the level and composition of remuneration is in line with other companies in the industry, sufficient to

attract and retain right talent at all levels and keep them motivated enough to meet the organizational objectives and a reasonable balance is maintained in the composition of remuneration (fixed and variable component). The performance measurement parameters are in place to assess the overall performance of Directors, KMPs, Members of Senior Management and other Employees. The Nomination and Remuneration Committee (NRC) whilst approving remuneration of the Managing Director and CEO and other Whole-time Directors considers the above factors, which is subject to approval of IRDAI.

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

The remuneration process of Whole-time Directors including Managing Director and CEO, includes evaluation of performance against performance objectives defined by NRC which includes performance criteria covering the enterprise wide Risk Management Framework (RMF).

(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 Whole-time Directors including Managing Director and CEO for any financial year is inter-alia linked to the following performance objectives set by NRC:

- (a) Topline and bottom line targets of the Company including portfolio steering;
- (b) Overall financial position of the Company including adherence to IRDAI stipulations on Minimum Solvency Margin and Expenses of Management Limits;
- (c) Key strategic and operational deliverables for the year and progress on the mid-term deliverables;
- (d) Satisfactory Claim settlement and repudiation performance;
- (e) Effectiveness of the Grievance Redressal mechanism; and
- (f) Overall compliance to applicable laws including Corporate Governance guidelines issued by IRDAI and other statutory bodies.

(ii) Quantitative Disclosures:

The following table sets forth the details of quantitative disclosure for remuneration of Whole-time Directors including Managing Director and CEO:

Particulars	Year ended March 31, 2017
Number of MD/ CEO/ WTDs having received a variable remuneration award during the financial year*.	3
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* (₹ in million)	
Fixed	15,035,166
Variable	7,893,462
Deferred	NIL
Non-deferred	NIL
Total amount of outstanding deferred remuneration	
Cash (₹ in million)	NIL
Shares (nos.)	NIL
Shares-linked instruments	NIL
Other forms	NIL

Note: *The above details includes information of the Transferor Company from January 1, 2017 (Appointed Date) to March 31, 2017. More details are provided in Form MGT-9.

Comments on Auditor's Report

Neither the Secretarial Auditor nor the Joint Statutory Auditors have made any qualification, reservation or adverse remark or disclaimer in their reports. The reports of the Secretarial Auditor and Joint Statutory Auditors are appended to this Report.

Further, during the year under review, the Joint Statutory Auditors have not come across or reported any incident of fraud to the Audit and Compliance Committee of Directors.

Particulars of Loans, Guarantees or Investments under Section 186

The Company has not given any loan or guarantee to any person or body corporate.

The investments of the Company are in compliance with the norms prescribed by IRDAI, the Guidelines and Circulars issued by IRDAI from time to time and the Investment Policy of the Company. The particulars of Investment Assets are provided in Management Discussion and Analysis Report section.

Related Party Transactions

Transactions / arrangements by the Company in its ordinary course of business with related parties primarily includes sale / purchase of insurance products, lease of properties, wherein premium / brokerage / commission/ rent is received / paid from / to related parties.

Audit and Compliance Committee of Directors has given its in-principle approval to different types of related party transactions which are recurring in nature and in the ordinary course of business.

Related party transactions that were entered into during the year were in the ordinary course of business and on an arm's length basis. The details of transactions with related parties are placed before the Audit and Compliance Committee for ratification at its quarterly meetings.

During the year under review, the Company did not enter into any transaction or arrangement with related parties, which were material or not at arm's length.

There were no materially significant transactions with the KMP or their relatives that have a potential conflict with the interest of the Company at large. As per Accounting Standard (AS) 18 on 'Related Party Disclosures', the details of related party transactions entered into by the Company are included in the Notes to Accounts.

Material changes and commitments affecting the financial position

Other than as mentioned under 'Change of Ownership and Control and Merger of the Holding Company', there were no material changes or commitments, affecting the financial position of the Company between March 31, 2017 and the date of this report.

Particulars regarding conservation of energy, technology absorption and foreign exchange earnings and outgo

Since the Company does not carry out any manufacturing activity, the provisions w.r.t. disclosure of particulars regarding conservation of energy and technology absorption are not applicable to the Company.

The Company incurred net expenditure of ₹ 73.06 crore (PY: ₹ 7.27 crore) in foreign exchange during the year under review. Net Premium received in foreign exchange during the year was ₹ 43.81 crore (PY: ₹ 3.99 crore).

Risk Management Framework

The Company has a robust Risk Management Framework to identify, monitor and minimize risks as also identify business opportunities. Risk Management is a concurrent process within the Company.

The risks associated with the business are identified and prioritized as a process based on impact and likelihood of its occurrence. Such Risks are reviewed by the Senior Management on a quarterly basis. Risk owners are identified for each risk for monitoring and reviewing the risk mitigation.

Risk Management Committee of the Directors inter-alia:

- Assist the Board in effective operation of the risk management system by ensuring performance of specialized analyses and quality reviews;
- Advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy, mergers and acquisitions and related matters;
- Report to the Board, details on the risk exposures and the actions taken to manage the exposures, review and monitor risks undertaken by the Company at its quarterly meetings.

The key risks identified by the Company and the mitigation measures are as under:

Underwriting and Reserving Risks

The following controls and mitigation measures have been established in the Company to effectively mitigate these risks;

- The underwriting guidelines are used as a basis for underwriting after detailed analysis to enable that the technical pricing is charged to the proposer.
Prudent margins are built in reserves and a regular monitoring of its adequacy is done concurrently.
- Optimal protection is ensured through well designed Reinsurance program arrangements with financially sound reinsurers.
- The Company has taken Catastrophe (CAT) protection in order to mitigate the risks of large losses arising

from probable catastrophic events. The Company's current reinsurance arrangement provides cover for a CAT risk event loss.

Credit and Market Risk

Material risks facing the general insurance industry are the risk of adverse change in financial situation due to fluctuation in the market price of investment asset and its liquidity and credit quality.

The investments of the Company are made as per the Board approved Investment Policy and the Standard Operating Guidelines and in compliance with the provisions of IRDAI (Investment) Regulations, 2016 and circulars issued thereunder.

The Investment Policy and the Standard Operating Guidelines have been designed to be more conservative than regulatory provisions relating to investment in debt and equity instruments.

Market risk is managed by having a diversified investment portfolio.

Liquidity risk is managed by maintaining investments in money market instruments upto the desired level as required.

The Investment Policy of the Company and the Standard Operating Guidelines define the limit to which exposure in equity can be taken and provide for levels of the modified duration for the debt portfolio.

The regulatory provision relating to investment provides for the minimum level at which sovereign and AAA rated securities are to be held with a view to mitigate the exposure to the attendant credit risk on the debt portfolio and is adhered to.

The above are monitored on a regular basis.

Credit risk also arises on the reinsurance portfolio of the Company. The Company ensures the prescribed minimum Financial Security Rating (FSR) of the reinsurers with whom it places its risks to minimize its credit risk exposures in reinsurance protection arrangements.

Corporate Social Responsibility

In terms of the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, due to continuous and accumulated losses, the Company was not required to spend any amount towards Corporate Social Responsibility (CSR) activities.

The Transferor Company, being a profit making company has been spending on CSR activities since FY14.

Though in terms of the provisions of the Act, there is no mandatory CSR spend required by the Company during FY18, considering the CSR philosophy of the Transferor Company, the Board of Directors, pursuant to the recommendation of the Corporate Social Responsibility Committee of Directors (CSR Committee) has decided to spend a sum of ₹ 4 crore on CSR activities during FY18, in accordance with CSR Policy of the Transferor Company adopted by the Company.

The CSR Policy inter-alia specifies the broad areas of CSR activities that could be undertaken, approach and process for undertaking CSR projects and the monitoring mechanism. The CSR Policy is available on the website of the Company (www.hdfcergo.com).

With respect to CSR activities carried out by the Transferor Company, the Annual Report on CSR activities, as prescribed under Section 135 of the Act read with Rule 9 of the Companies (Accounts) Rules, 2014 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 is appended to this Report.

Board Evaluation

Pursuant to the provisions of the Act, the Directors have carried out an annual performance evaluation of individual Directors, Board as a whole and Board Committees.

In addition, the Independent Directors have inter-alia separately evaluated the performance of non-independent Directors and the Board as a whole, at their separate meeting held on January 25, 2017.

The evaluation of the Board and the Board Committees was carried out on the basis of various parameters like optimum mix, quality and experience of Board members, regularity and frequency of meetings, cohesion in the Board/ Committee meetings, constitution and terms of reference of various Board Committees, contribution in shaping the board's strategy, protecting interest of various stakeholders, implementation of best corporate governance practices, follow up on implementation of decisions taken at Board/ Committee meetings, Board Committee's promptness and efficacy to report issues requiring Board's attention, quality, quantity and timeliness of flow of information, etc.

The evaluation of Non-Executive Directors (including Independent Directors) was carried out based on parameters like attendance, active participation, exercise of independent judgment, bringing in objectivity in

decision making process, knowledge and competency, commitment, high levels of integrity, leadership, bringing one's own experience to bear on the items for discussion, awareness and observance of governance, value addition to the business and strategic aspects of the Company.

Particulars of Employees and other related disclosures

The total employee strength of the Company as on March 31, 2017 stood at 2,626 and as on Effective Date stood at 2,706.

During the year, 7 employees employed throughout the year were in receipt of remuneration of ₹ 1.02 crore or more per annum or ₹ 8.50 lacs or more per month. In accordance with the provisions of Rule 5.2 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of such employees are set out in the annex to the Directors' Report.

In terms of the provisions of Section 136(1) of the Act read with the said Rule, the Directors' report is being sent to the shareholders excluding the annex. Any shareholder interested in obtaining a copy of the said annex may write to the Company Secretary.

Further, the disclosures on managerial remuneration are provided in Annexure 1 appended to the Directors' Report.

Secretarial Audit

In accordance with the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Messrs Bhandari & Associates, a firm of Practicing Company Secretaries for conducting Secretarial Audit of the Company for FY 2016-17.

The Secretarial Audit Report is appended to this Report.

Employees Stock Option Plan (ESOP)

The Company did not have any Employee Stock Option Plan. However, the Transferor Company had in force an Employee Stock Option Plan - 2009 and pursuant to the Scheme coming into effect, the said Plan has been adopted by the Company on the same terms and conditions and all the Options granted and outstanding under the said Plan as on the Appointed Date has been treated as Options granted by the Company and accordingly, the Option Grantee, upon exercise and payment of exercise price, shall be eligible to be issued

one equity share of ₹ 10 each of the Company for each Option held under the Transferor Company Employee Stock Option Plan.

In April 2016, the Transferor Company had granted 40,000 stock options in respect of 40,000 equity shares of ₹ 10 each at an exercise price of ₹ 91 per option under ESOP-2009 to one eligible employee. No other employee or KMP were granted any Options during the year.

The Options granted vest in tranches - 25% on completion of 2 years from grant date, 25% at the end of 3 years from grant date and the balance 50% on completion of 4 years from grant date and are exercisable within a period of 5 years from the date of respective vesting.

During the year, under ESOP-2009, Options vested aggregated to 1,341,250 and Options exercised aggregated to 1,300,600. Pursuant to the said exercise, the Transferor Company had received ₹ 6.88 crore as exercise consideration (excluding tax). Pursuant to exercise of Options, 1,300,600 equity shares of ₹ 10 each were allotted by the Transferor Company to the concerned employees.

No options lapsed during the year and the Options in force as on March 31, 2017 were 11,678,000.

During the year, pursuant to the approval of the shareholders, the exercise period in respect of Options granted under Tranche - 1 and Tranche - 2 of ESOP-2009 were increased from 5 years to 7 years. Further, the shareholders had also approved amendments to ESOP-2009 to provide for grant of Options to eligible employees of the subsidiary company. Other than the above, there were no variations in the terms of the Options granted.

The diluted EPS is ₹ 2.06 against a basic EPS of ₹ 2.07.

Public Deposits

The Company did not accept any deposits from the public during the year.

Auditors

At the ninth Annual General Meeting (AGM) held on July 29, 2016, Members had ratified the appointment of Messrs Kirtane & Pandit LLP, Chartered Accountants (Registration No. of the firm with the ICAI: 105215W/W100057), as one of the Joint Statutory Auditors of the Company to hold office as such up to the conclusion of the tenth AGM of the Company for FY 2016-17.

At the ninth AGM of the Company held on July 29, 2016, Members had appointed Messrs Chhajed & Doshi & Co., Chartered Accountants (Registration No. of the firm with the ICAI: FRN 101794W), as one of the Joint Statutory Auditors of the Company to hold office as such up to the conclusion of the tenth AGM of the Company for FY 2016-17.

Both the Joint Statutory Auditors of the Company resigned from their services w.e.f October 17, 2016 creating casual vacancy in the office of the Statutory Auditors.

The shareholders of the Company at their Extra-Ordinary General Meeting held on October 17, 2016 appointed Messrs G. M. Kapadia & Co., Chartered Accountants (Registration No. of the firm with the ICAI: FRN 104767W) and Messrs B. K. Khare & Co., Chartered Accountants (Registration No. of the firm with the ICAI: FRN 105102W) as Joint Statutory Auditors to fill the casual vacancy and to hold office as such up to the conclusion of tenth AGM.

The Board after considering the qualifications and experience of Messrs G. M. Kapadia and Co., Chartered Accountants and Messrs B. K. Khare & Co., Chartered Accountants and being satisfied that qualifications and experience of the firms are commensurate with the size and requirements of the Company recommends their appointment as Joint Statutory Auditors of the Company for a period of 5 years commencing from FY 2017-18 to FY 2021-22.

Messrs G. M. Kapadia & Co., Chartered Accountants and Messrs B. K. Khare & Co., Chartered Accountants have expressed their willingness to act as Joint Statutory Auditors of the Company and have confirmed that they fulfil the conditions of eligibility to be appointed as the Auditors as required under the provisions of Sections 139 and 141 of the Act, and the Corporate Governance Guidelines issued by IRDAI vide circular dated May 18, 2016 (Guidelines).

Necessary resolutions seeking Members' approval for the appointment of the Joint Statutory Auditors are included in the notice of the tenth AGM circulated to the Members.

Subsidiaries

The Company has no subsidiaries.

Directors and Key Managerial Personnel

Pursuant to change in Management and Control following persons were appointed as Directors/

Key Managerial Personnel of the Company w.e.f. September 9, 2016.

Sr. No.	Name	Position
1	Mr. Mehernosh B. Kapadia	Independent Director
2	Mr. Bernhard Steinruecke	Independent Director
3	Mr. Ritesh Kumar	Non - Executive Director
4	Mr. Mukesh Kumar *	Managing Director & Chief Executive Officer
5	Mr. Samir H. Shah *	Chief Financial Officer
6	Mr. Dayananda V. Shetty *	Company Secretary & Compliance Officer

* Common KMPs between the Transferor Company and the Company

The Company also appointed Ms. Rachana Dogra as an Additional Director w.e.f March 31, 2017.

The following Directors/ Key Managerial Personnel of the Company vacated their office with effect from the close of business hours of September 9, 2016.

Sr. No.	Name	Position
1	Mr. Y. M. Deosthalee	Non - Executive Director
2	Mr. R. Shankar Raman	Non - Executive Director
3	Dr. Rupa Rege Nitsure	Non - Executive Director
4	Mr. Mukund Manohar Chitale	Independent Director
5	Mr. Haris Ansari	Independent Director
6	Mr. G. C. Rangan	Whole Time Director and Chief Executive Officer
7	Mr. V. Krishnamoorthy	Chief Financial Officer
8	Mr. S. Sriram	Company Secretary

The Board places on record its appreciation for the valuable services rendered by all the Directors and Key Managerial Personnel during their tenure with the Company.

In terms of the Scheme, all the Directors of the Transferor Company shall become the Directors of the Transferee Company with effect from the Effective Date.

Accordingly, the following are the Directors of the Company with effect from the Effective Date:

Sr. No.	Name	Position
1	Mr. Deepak S. Parekh	Chairman (Non-Executive)
2	Mr. Keki M. Mistry	Non-Executive Director
3	Ms. Renu Sud Karnad	Non-Executive Director
4	Mr. Alexander Ankel	Non-Executive Director
5	Mr. Andree Moschner	Non-Executive Director
6	Dr. Jagdish Khattar	Independent Director
7	Mr. Bernhard Steinruecke	Independent Director
8	Mr. Mehernosh B. Kapadia	Independent Director
9	Mr. Arvind Mahajan	Independent Director
10	Mr. Anuj Tyagi*	Executive Director
11	Mr. Mukesh Kumar*	Executive Director
12	Mr. Ritesh Kumar*	Managing Director and CEO

*Key Managerial Personnel under the Companies Act, 2013.

Independent Directors

Dr. Jagdish Khattar who was appointed as an Independent Director of the Transferor Company for a period of five years w.e.f. July 21, 2014 shall continue as an Independent Director of the Company until July 20, 2019.

Mr. Bernhard Steinruecke who was appointed as an Additional Director (designated as an 'Independent Director') for a period of five years w.e.f. September 9, 2016 shall continue as an Independent Director until September 8, 2021.

Mr. Mehernosh B. Kapadia who was appointed as an Additional Director (designated as an 'Independent Director') for a period of five years w.e.f. September 9, 2016 shall continue as an Independent Director until September 8, 2021.

Mr. Arvind Mahajan who was appointed as an Additional Director (designated as an 'Independent Director') of the Transferor Company for a period of five years w.e.f. November 14, 2016 shall continue as an Independent Director of the Company until November 13, 2021.

Non-Executive Directors

In terms of the Scheme, Mr. Deepak S. Parekh, Mr. Keki M. Mistry and Ms. Renu S. Karnad who were appointed

as Non-Executive Directors of the Transferor Company, shall continue as Non-Executive Directors of the Company. Mr. Alexander Ankel who was appointed as an Additional Director of the Transferor Company w.e.f. April 24, 2017 and in terms of the Scheme, shall continue as an Additional Director of the Company.

Mr. Andree Moschner who was appointed as an Additional Director of the Transferor Company w.e.f. July 20, 2016 and in terms of the Scheme, shall continue as an Additional Director of the Company.

In terms of the provisions of Section 161 of the Act, an additional director shall hold office up to the date of the next annual general meeting or the last date on which the annual general meeting should have been held, whichever is earlier.

Whole-Time Directors

Mr. Anuj Tyagi who was appointed as a Whole-Time Director of the Transferor Company (designated as 'Executive Director') for a period of five years w.e.f. May 1, 2016 shall continue as the Whole-Time Director of the Company (designated as 'Executive Director') until April 30, 2021.

Mr. Mukesh Kumar was appointed as a Whole-Time Director of the Transferor Company (designated as 'Executive Director') for a period of two years w.e.f. June 1, 2017 subject to the approval of the shareholders and IRDAI. The IRDAI vide letter dated June 19, 2017 has approved the said appointment. In terms of the Scheme, subject to the approval of the shareholders, Mr. Mukesh Kumar shall continue to be the Whole-Time Director of the Company (designated as 'Executive Director') until May 30, 2019.

Mr. Ritesh Kumar who was appointed as the Managing Director and CEO of the Transferor Company for a period of five years w.e.f. June 10, 2015 shall continue to be the Managing Director and CEO of the Company until June 9, 2020.

The following are the Key Managerial Personnel of the Company with effect from the Effective Date:

Sr. No.	Name	Position
1	Mr. Samir H. Shah	Member of Executive Management & CFO
2	Mr. Dayananda V. Shetty	Executive Vice President – Legal & Compliance and Company Secretary

Re-appointment of Directors liable to retire by rotation

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Deepak S.

Parekh and Mr. Keki M. Mistry, Directors retire by rotation at the ensuing AGM and being eligible, have offered themselves for re-appointment.

Declaration by Directors

All the Directors fulfill the applicable required criteria specified under the Act and the 'fit and proper' criteria prescribed under the Guidelines.

Significant and Material Orders passed by the Regulators or Courts or Tribunals

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Internal Financial Controls over Financial Statements

The Company has established adequate internal control procedures, commensurate with the nature of its business and size of its operations. These controls encompass a set of rules, policies and procedures to provide reasonable assurance for achievement of the Company's objectives in maintaining of proper accounting controls for ensuring orderly and efficient conduct of its business, monitoring of operations, reliability of financial reporting, accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, protecting assets from unauthorized use or losses, prevention and detection of frauds and errors, and compliances with regulations. Standard Operating Procedures are in place largely for all areas of operations and the same are reviewed periodically. The internal audit team monitors the effectiveness of the internal control systems. The recommendations of the internal audit team on improvements in the operating procedures and control systems are for further strengthening the operating procedures.

Further the Company has taken the following steps:

1. Reviewing the existing processes and mapping them with risks and controls to ensure that they are adequate;
2. Testing internal controls on a regular basis and ensuring that processes and controls are working effectively and strengthening the same wherever required;
3. Have maintained records in reasonable detail, accurately and fairly reflecting transactions and disposition of the assets;
4. Have ensured that transactions are recorded as necessary to permit preparation of Financial Statement in accordance with GAAP;
5. Have taken appropriate steps for reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on Financial Statement;

6. Receipts and expenditures of the Company are being made only in accordance with appropriate Delegation of Authority.

Audit and Compliance Committee

The Audit and Compliance Committee comprises of Six (6) members –four Independent Directors and two Non-Executive Directors. The Chairman of the Committee is an Independent Director and a qualified Chartered Accountant. The composition of the Committee is in conformity with the provisions of Section 177 of the Act and the Guidelines.

All the Committee members possess adequate qualifications to fulfill their duties as stipulated under the Act and the Guidelines.

The other details about the Committee are provided in the Report of the Directors on Corporate Governance.

Indian Accounting Standards (Ind AS)

The Ministry of Corporate Affairs (MCA) vide Notification no. G.S.R 111(E) dated February 16, 2015 notified the Companies (Indian Accounting Standards) Rules, 2015 (Rules). Further, vide Press Release dated January 18, 2016, the MCA has outlined the roadmap for implementation of International Financial Reporting Standards (IFRS) converged Ind AS for banks, non-banking financial companies, select all India Term Lending and Refinancing Institutions and Insurance Companies.

IRDAI vide circular No. IRDA/ F&A/ CIR/IFRS/038/03/2016 dated March 1, 2016, issued guidelines with regard to implementation of Ind AS in insurance sector. As per the said guidelines, insurance companies shall prepare financial statements in accordance with Ind AS from April 1, 2018 onwards, with comparatives for the period ending March 31, 2018. The Authority directed insurance companies to submit the proforma Ind AS financial on a quarterly basis starting from December 2016.

Further, IRDAI vide circular no. IRDA/ F&A/ CIR/ ACTS/146/06/2017 dated June 28, 2017, deferred the implementation of Ind AS in the Insurance Sector in India for a period of two years and the same shall now be implemented effective 2020-21.

As advised by IRDAI, the Company has constituted an Ind AS Steering Committee headed by Managing Director & CEO and comprising of CFO, Head – IT, Appointed Actuary, Financial Controller, and officers from actuarial and finance function of the Company. The Committee meets on a regular basis and updates the Audit and Compliance Committee and Board about the progress in implementation of Ind AS.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(5) of

the Act and based on the information provided by the Management, your Directors state that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there were no material departures;
- (b) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder, the Insurance Act, 1938, as amended, the Insurance Rules, 1939 and the IRDAI Regulations, Orders, Circulars and Guidelines for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (d) The annual accounts of the Company have been prepared on a going concern basis;
- (e) Internal financial controls have been laid down to be followed by the Company and such internal financial controls are adequate and operating effectively; and
- (f) Proper systems are in place to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements

The Board wishes to place on record its gratitude to and acknowledge the role of all stakeholders – policyholders, channel partners, reinsurers and shareholders for their continued support, trust and cooperation.

The Board wishes to thank and appreciate the Insurance Regulatory and Development Authority of India, General Insurance Council, Competition Commission of India, the Reserve Bank of India, Ministry of Corporate Affairs and various ministries of the Government of India, Depositories and the stock exchanges for their guidance and extending cooperation in the endeavors pursued by the Company.

The Board also wishes to thank and appreciate the employees at all levels for their hard work, efforts and dedication to achieve the targets, goals and objectives.

On behalf of the Board of Directors

DEEPAK S. PAREKH
Chairman
(DIN: 00009078)

Mumbai
August 18, 2017

Annex to Directors' Report - 1

DISCLOSURES ON MANAGERIAL REMUNERATION

Details of remuneration as required under Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided below:

Ratio of remuneration of each director to the median remuneration of the employees of the company for FY 2016-17:

Name	Designation	Ratio of remuneration of each Director to the median remuneration of the employee
Mr. Deepak S. Parekh	Chairman (Non-Executive)	0.63:1
Mr. Keki M. Mistry	Non-Executive Director	2:1
Ms. Renu Sud Karnad	Non-Executive Director	1:1
Mr. Alexander Ankel	Non-Executive Director	—
Mr. Andree Moschner	Non-Executive Director	—
Dr. Jagdish Khattar	Independent Director	3:1
Mr. Bernhard Steinruecke	Independent Director	4:1
Mr. Mehernosh B. Kapadia	Independent Director	4:1
Mr. Arvind Mahajan	Independent Director	0.75:1
Mr. Anuj Tyagi	Executive Director	30:1
Mr. Mukesh Kumar	Executive Director	32:1
Mr. Ritesh Kumar	Managing Director and CEO	77:1

Percentage increase in remuneration of each Director and Key Managerial Personnel in FY 2016-17:

Name	Designation	Increase in Remuneration (%)
Mr. Ritesh Kumar	Managing Director and CEO	13%
Mr. Mukesh Kumar	Executive Director	12%
Mr. Anuj Tyagi	Executive Director	25.30%
Mr. Samir H. Shah	Member of Executive Management & CFO	11.40%
Mr. Dayananda V. Shetty	Executive Vice President – Legal & Compliance and Company Secretary	8%

The increase in remuneration of whole-time directors effective from April 1, 2017 is subject to approval of IRDAI.

The Company did not pay any commission to Non-Executive Directors. It is proposed to pay commission of ₹ 10 lac each to Independent Directors (proportionately from the date of appointment) for FY 2016-17, which is the same as paid for FY 2015-16. Further details are provided in Form MGT-9.

Percentage increase in the median remuneration of employees in FY 2016-17: 12%

Number of permanent employees on the rolls of the Company as on March 31, 2017: 2,626

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:

The average increase in the remuneration of all employees in FY 2016-17 was 12%. The average increase in the remuneration of managerial personnel (i.e executive directors) stood at 14% and of non-managerial personnel was 12%.

The average increase in remuneration of both the managerial and non-managerial personnel was determined based on the overall performance of the Company. Further, the criteria for remuneration of non-managerial personnel is based on an internal evaluation of key result areas, while the remuneration of the managerial personnel is based on the remuneration policy as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors and Guidelines on Remuneration of Non-Executive Directors, Managing Director / Chief Executive Officer / Whole-time Directors of Insurers issued by IRDAI.

The Company confirms that there were no exceptional circumstances which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.

The remuneration of Key Managerial Personnel is based on the overall performance of the Company. During the year, the growth in GWP of the Company was best in the private sector companies in general insurance.

Report of the Directors on Corporate Governance

Corporate Governance means and includes conducting the business in a fair, transparent and ethical manner, by giving due recognition to the interests of various stakeholders viz. shareholders, customers, employees, government, regulators, service providers, financiers and the society at large, who have direct or indirect interest in the success and growth of a business enterprise. Corporate Governance includes adherence to all laws, rules, regulations and guidelines, as applicable.

The Corporate Governance framework in India has been further strengthened by the enactment of the Companies Act, 2013 (Act), which has recognized the importance of good governance practices by stipulating in the statute book various tenets of good Corporate Governance. The Act has included stipulation for Board composition, appointment of independent and women directors for prescribed class of companies, duties of directors and code of conduct for independent directors, fixed term for independent directors, mandatory constitution of nomination and remuneration committee and stakeholders relationship committee in addition to the audit committee, oversight of related party transactions by the audit committee / shareholders, fixed term for statutory auditors and empowering shareholders to voice their say on various corporate matters and transactions. The Board of Directors are entrusted with the responsibility to ensure good governance practices and to gain trust of its stakeholders.

During the year, in line with the provisions of the Act, the insurance regulator IRDAI has issued new Corporate Governance Guidelines for the insurance sector (Guidelines). The Guidelines reiterates that in case of the financial sector, where the entities accept public liabilities for fulfillment of certain contracts, the relationship amongst shareholders, Board of Directors and management is fiduciary with enhanced responsibility to protect the interests of all stakeholders. The Guidelines re-emphasizes that the Corporate Governance framework should clearly define the roles and responsibilities and accountability within an organization with built-in checks and balances. The Guidelines notes that the financial sector needs to have a more intensive governance structure in view of its role in the economic development and since the safety and financial strength of the institutions are critical for the overall strength of the financial sector on which the economic growth is built upon and further notes that considering the regulatory

responsibility to protect the interests of the policyholders, the insurers shall have in place, good governance practices for maintenance of solvency, sound long term investment policy and assumption of underwriting risks on a prudential basis.

The emergence of insurance companies as a part of financial conglomerates has added a further dimension to sound Corporate Governance in the insurance sector with emphasis on overall risk management across the structure and to prevent any contagion and to ensure financial stability.

Company's philosophy on Corporate Governance

On September 9, 2016, pursuant to receipt of approval from the Insurance Regulatory and Development Authority of India (IRDAI) and the Competition Commission of India, Larsen & Toubro Limited, the promoter of the Company sold its entire shareholding to HDFC ERGO General Insurance Company Limited (Transferor Company), pursuant to which the Company became a wholly owned subsidiary of the Transferor Company. The name of the Company was thereafter changed to HDFC General Insurance Limited (HGI) with effect from September 14, 2016.

The Board of Directors at its meeting held on September 16, 2016 approved the Scheme of Arrangement ('Scheme') for merger of the Transferor Company with the Company with Appointed Date as January 1, 2017. Thereafter, on October 5, 2016, the Company filed the Company Summons for Directions with the Hon'ble High Court of Judicature at Bombay, which was later on transferred to the National Company Law Tribunal, Mumbai Bench (NCLT) pursuant to the notification of Sections 230 to 233 of the Act pertaining to Compromises, Arrangements and Amalgamations.

As directed by the Order of NCLT dated January 20, 2017, the meeting of equity shareholders of both the Transferor Company and the Company was convened on March 29, 2017 wherein the shareholders of both the companies approved the amendment to the Scheme, providing for increase in the amount of reduction of capital from ₹ 207 crore to ₹ 221.39 crore and the amended Scheme. Both the companies thereafter filed the Company Petition with NCLT on April 5, 2017 and after the admission hearing which was held on April 20, 2017, the final hearing on the Petition took place on June 23, 2017.

At the said final hearing, NCLT sanctioned the Scheme under Sections 230 to 232 of the Act providing for

merger of the Transferor Company with the Company. The certified copy of the Order was received on July 12, 2017. Thereafter, IRDAI vide its letter dated August 14, 2017 gave its final approval to the merger with the Effective Date as August 16, 2017. Pursuant to the Scheme, all the assets and liabilities of the Transferor Company have been transferred to and vested in the Company with effect from the Appointed Date i.e. January 1, 2017 on a going concern basis, in the manner more particularly provided in the Scheme.

Further, in accordance with the Scheme, the Company retained the name of the Transferor Company, which was duly approved by the Ministry of Corporate Affairs.

The Company's philosophy on Corporate Governance has been influenced by its Promoters, Housing Development Finance Corporation Limited (HDFC) and ERGO International AG (ERGO). Corporate Governance at the Company is not just adherence to mandatory rules and guidelines. It is Company's philosophy to observe the spirit behind the letter. A commitment to Policyholder satisfaction and nurturing of Shareholder value has been the cornerstone of governance practices at HDFC ERGO. The Company endeavors to adhere to the established and proven practices of HDFC and ERGO in maintaining corporate culture and the spirit in managing the business.

The Company believes that Corporate Governance is a continuous journey towards sustainable value creation for all the stakeholders and is driven by its values of Sensitivity, Excellence, Ethics and Dynamism (SEED). The Company's vision is to be the most trusted partner for every stakeholder and the Company is committed to provide fair, transparent and equitable treatment to all stakeholders.

The Company's core value system is guided by the principles of accountability, transparency and timely disclosure of matters of interest to the stakeholders and ensuring thorough compliance with the applicable acts, laws, rules and regulations and conducting business in best ethical manner.

The Company is not only committed to follow the prescribed Corporate Governance practices embodied in various regulatory provisions, but is constantly striving to adopt emerging best practices.

The Board of Directors fully support and endorse various provisions of the Act and the Guidelines. The Company has

complied with the mandatory requirements of the Act, the Guidelines and certain non-mandatory requirements. The status with regard to the same is listed below.

Board of Directors

The Company has a multi – tier management structure, comprising the Board of Directors and its Committees at the apex, followed by employees at senior management, middle management and junior management positions. Through this, it is ensured that strategic supervision is provided by the Board; control and implementation of Company's strategy is achieved effectively; operational management remains focused on implementation; information regarding the Company's operations and financial performance is made available promptly; delegation of decision making with accountability is achieved; financial and operating control and integrity are maintained at an optimal level; and risks are suitably evaluated and dealt with.

Composition

The Board has a mix of executive, non-executive and independent directors. The Board comprises of competent and qualified directors to drive the strategies in a manner that would sustain growth of the Company and protect the interest of various stakeholders in general and Policyholders in particular. The Board comprises of directors having expertise in insurance, banking, finance, accountancy, economics, law, human resources, etc.

The Board comprises of twelve members, of which three are Whole-time Directors and nine are Non-Executive Directors. The three Whole-time Directors include a Managing Director & CEO and two Executive Directors. Of the nine Non-Executive Directors, three Directors represent HDFC which includes one Woman Director, two Directors represent ERGO and four are Independent Directors.

The Company is Indian Owned and Controlled and is in compliance with the Guidelines on 'Indian Owned and Controlled' as stipulated by IRDAI.

All the Independent Directors have confirmed that they satisfy the criteria laid down for an independent director under Section 149(6) of the Act. None of the Directors of the Company are related to one another. All the Directors of the Company fulfill the fit and proper criteria as mentioned in the Guidelines.

The details of the Board of Directors (prior to the Effective Date) and their directorships in public companies are as under:

Sr. No.	Directors	Category	No. of Directorships#
1.	Mr. Y. M. Deosthalee* (DIN: 00001698)	Non-Executive Director	2
2.	Mr. N. Sivaraman** (DIN: 00001747)	Non - Executive Director	—
3.	Mr. R. Shankar Raman * (DIN: 00019798)	Non - Executive Director	10
4.	Mr. Mukund Chitale* (DIN: 00101004)	Independent Director	8
5.	Mr. Haris Ansari * (DIN: 02155529)	Independent Director	1
6.	Ms. Raji Vishwanathan*** (DIN: 02680148)	Non - Executive Director	—
7.	Dr. Rupa Rege Nitsure* (DIN: 07503719)	Non - Executive Director	2
8.	Mr. G. C. Rangan* (DIN: 00019185)	Whole time Director & CEO	1
9.	Mr. Bernhard Steinruecke + (DIN: 01122939)	Independent Director	3
10.	Mr. Mehernosh B. Kapadia. + (DIN: 00046612)	Independent Director	2
11.	Mr. Ritesh Kumar + (DIN: 02213019)	Non - Executive Director	1
12.	Ms. Rachana Dogra † (DIN: 07779574)	Non - Executive Director	—
13.	Mr. Mukesh Kumar + (DIN: 06864359)	Managing Director and CEO	1

*Upto September 9, 2016. ** Upto April 11, 2016.
*** Upto May 6, 2016. +From September 9, 2016.
†From March 31, 2017 and till Effective Date

#Directorships held in public companies registered under the provisions of the Companies Act, 1956 / 2013 (excluding the Company) have been considered.

The details of the Board of Directors with effect from the Effective Date and their directorships in public companies are as under:

Sr. No.	Directors	Category	No. of Directorships++
1	Mr. Deepak S. Parekh (DIN: 00009078)	Chairman (Non-Executive)	9
2	Mr. Keki M. Mistry (DIN: 00008886)	Non-Executive Director	9
3	Ms. Renu Sud Karnad (DIN: 00008064)	Non-Executive Director	9
4	Mr. Alexander Ankel (DIN: 07798908)	Non-Executive Director	—
5	Mr. Andree Moschner (DIN: 07570267)	Non-Executive Director	—
6	Dr. Jagdish Khattar (DIN: 00013496)	Independent Director	3
7	Mr. Bernhard Steinruecke (DIN: 01122939)	Independent Director	2
8	Mr. Mehernosh B. Kapadia (DIN: 00046612)	Independent Director	1
9	Mr. Arvind Mahajan (DIN: 07553144)	Independent Director	1
10	Mr. Anuj Tyagi (DIN: 07505313)	Executive Director	1
11	Mr. Mukesh Kumar (DIN: 06864359)	Executive Director	—
12	Mr. Ritesh Kumar (DIN: 02213019)	Managing Director and CEO	—

++Directorships held in public companies registered under the provisions of the Companies Act, 1956 / 2013 (excluding the Company) have been considered.

Responsibilities

The Board of Directors represents the interest of the Company's shareholders in optimizing long-term value by providing the Management with guidance and strategic direction on shareholders' behalf. The Board's mandate is to oversee the Company's strategic direction, review financial, operational and investment performance, approve annual business plan, ensure regulatory compliance and safeguard interest of all stakeholders. The Board plays a pivotal role in ensuring good governance and creating value for all stakeholders. The Directors acknowledge their duties as prescribed under the Act, the Rules framed thereunder and the Guidelines.

Role of Independent Directors

The Independent Directors bring an independent judgment to bear on the Board's deliberation and objectivity in the Board's decision making process. The Independent Directors participate constructively and actively in the Committees of the Board in which they are members. They represent and safeguard the interest of all stakeholders.

Tenure

In accordance with the provisions of Section 152(6) of the Act, not less than two-thirds of the total number of directors shall be persons whose period of office is liable to determination by retirement by rotation. One-third of such directors are liable to retire every year and if eligible, offer themselves for re-appointment.

In accordance with the provisions of Section 149(10) and 152(5) of the Act, the Independent Directors are not liable to retire by rotation and are appointed for a fixed term of 5 years.

Board Meetings and Procedures

All Directors participate in discussing the strategies, performance, financials and risk management of the Company. The Board follows a set of appropriate standard procedures in the conduct of Board meetings which is summarized below:

The meetings of the Board of Directors are generally held at the Company's registered office in Mumbai.

The schedule of meetings to be held in a calendar year is planned well in advance and informed to the Directors. The notice of each Board and Committee meeting is given in writing through email to each Director, Appointed Actuary, members of Senior Management and statutory and internal auditors, as required. The Company also makes arrangements for participation of Directors in the meeting through video-conferencing (VC), if for any reason they are unable to participate in the meeting in person. The Board meets at least once a quarter to inter-alia review the financial, operational and investment performance of the Company.

The Company Secretary in consultation with the Key Managerial Personnel prepares a detailed agenda for the meetings. All departments communicate with the Company Secretary in advance with regard to matters requiring approval of the Board to enable inclusion of the same in the agenda for the meetings. With the objective of transparent flow of information from the Management, detailed agenda notes are sent to all Directors in advance. The Members of the Board are also free to recommend inclusion of any matter in the agenda for discussion. In case of matters requiring urgent consideration by the Board and arising post the dispatch of agenda, the same is taken up for discussion by the Board as part of any other business with the permission of the Chairman and consent of majority of Directors, including at least one Independent Director.

The members of the Board have access to all information of the Company. Appointed Actuary is a permanent invitee at the meetings of the Board, Audit and Compliance Committee and Risk Management Committee. Members of Senior Management team are invited to attend the Board and Committee meetings so as to provide additional inputs on the items being discussed by the Board. Urgent matters are also considered and approved by passing resolution through circulation, which are noted at the next meeting of the Board. The Company Secretary records the minutes of the proceedings of each Board and Committee meetings. The draft minutes of each Board and Committee meetings are circulated to the members of the Board/Committee within fifteen days from the date of meeting and the comments, if any on

the draft minutes are received within seven days of its circulation. The minutes are finalised within thirty days and thereafter recorded in the Minutes Book.

During the year, the Board met seven (7) times on May 6, 2016, June 3, 2016, July 27, 2016, September 9, 2016, September 16, 2016, October 17, 2016 and January 24, 2017. The time gap between any two meetings did not exceed 120 days.

The attendance of the Directors at the said meetings is listed below:

Directors	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Y. M. Deosthalee*	4	4
Mr. N. Sivaraman **	—	—
Mr. R. Shankar Raman *	4	3
Mr. Mukund Chitale *	4	4
Mr. Haris Ansari *	4	3
Ms. Raji Vishwanathan ***	1	—
Dr. Rupa Rege Nitsure *	1	1
Mr. G. C. Rangan *	4	4
Mr. Bernhard Steinruecke +	4	4
Mr. Mehernosh B. Kapadia [†]	4	4
Mr. Ritesh Kumar +	4	4
Mr. Mukesh Kumar [†]	4	4
Ms. Rachana Dogra ‡	—	—

*Upto September 9, 2016. ** Upto April 11, 2016.

*** Upto May 6, 2016. + From September 9, 2016.

†From March 31, 2017.

After March 31, 2017, the Board met on April 26, 2017 to consider and approve the audited financial statements for the year ended March 31, 2017 and on July 17, 2017

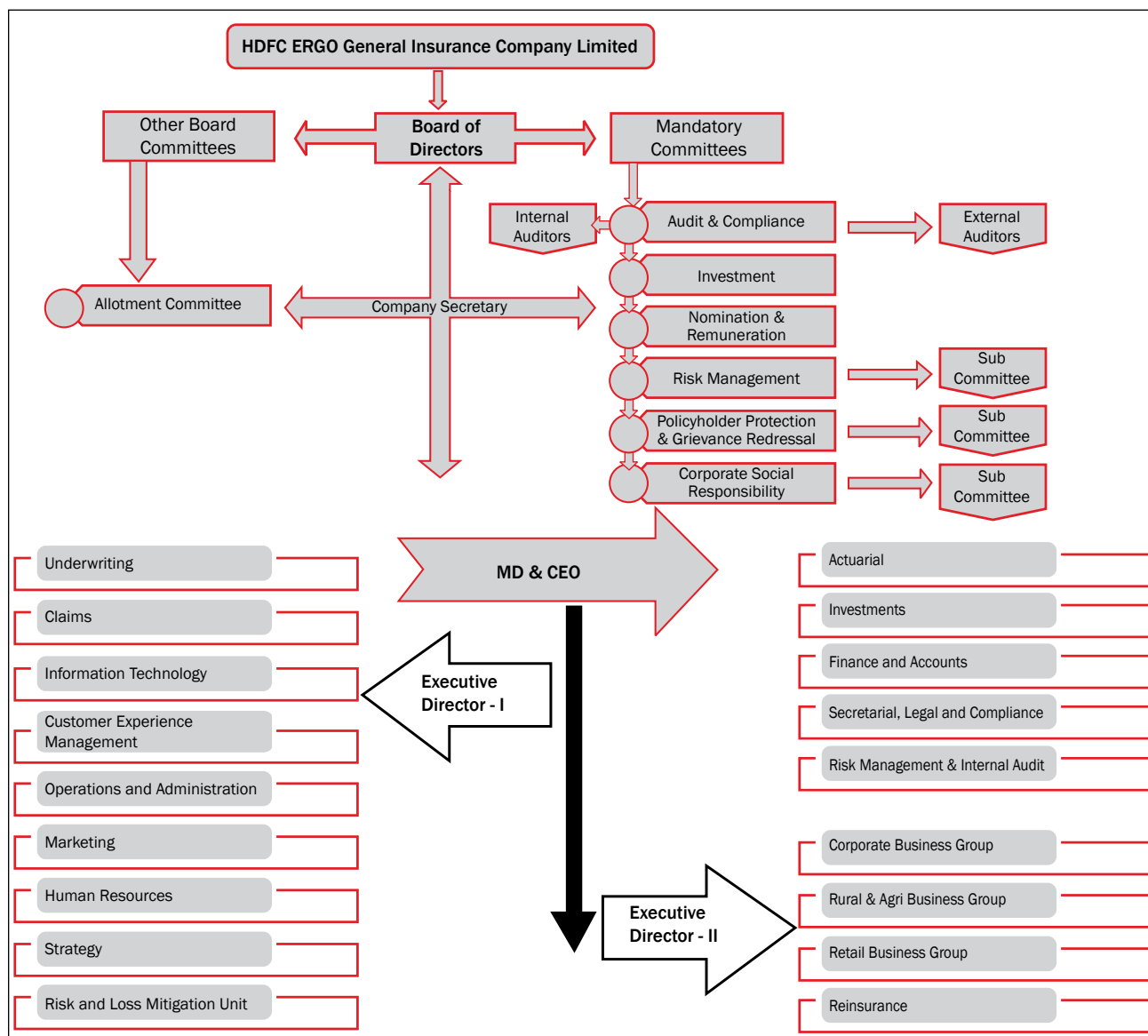
for approving the unaudited financial statements for the quarter ended June 30, 2017 and on August 18, 2017, to take note of the merger of Transferor Company with the Company and approve the audited financial statements and report of the Directors to be placed before the Annual General Meeting for adoption by the shareholders as required under the provisions of Section 96(1) and 134(1) of the Act.

Committees

To enable better and more focused attention on the affairs of the Company and as required under regulatory provisions, the Company has constituted various Committees. These Committees lay down the groundwork for decision-making and report at the subsequent Board meeting. The terms of reference of the Committees are approved by the Board and are in sync with the requirements of the Regulatory provisions. Meetings of the Committees are held on a regular basis depending upon the business to be transacted by the Committees. Minutes of the Committee meetings / report on the activities of the Committee are submitted to the Board on a periodical basis. Matters requiring the Board's attention / approval are generally placed in the form of notes to the Board from the respective Committee. The Board has constituted the following committees with specific terms of reference.

- (i) Audit and Compliance Committee (ACC)
- (ii) Investment Committee (IC)
- (iii) Risk Management Committee (RMC)
- (iv) Policyholder Protection and Grievance Redressal Committee (PPGRC)
- (v) Nomination and Remuneration Committee (NRC)
- (vi) Corporate Social Responsibility Committee (CSR)
- (vii) Allotment Committee (AC)

The relationship between the Board, the Committees and the Senior Management functions is illustrated below:



The role and composition of various Committees, including the number of meetings held during the year and the related attendance of the Committee members at the said meetings, are given below.

Audit and Compliance Committee (ACC)

The Audit and Compliance Committee comprises three (3) members – two Independent Directors and one Non-Executive Director. The Chairman of the Committee is an Independent Director and a qualified Chartered Accountant. The composition of the Committee is in conformity with the provisions of Section 177 of the Act and the Guidelines. During the year, pursuant to change in

management and control of the Company, the Committee was re-constituted.

All the Committee Members possess adequate qualifications to fulfill their duties as stipulated under the Act and the Guidelines.

The Members of Senior Management and Auditors are invited to participate in the meetings of the Committee as and when necessary. The Committee invites Senior Executives as it considers their presence to be appropriate at its meetings. The Chairman of the Audit Committee briefs the Board of Directors about significant discussions and decisions taken at its meeting.

The Committee inter-alia oversees the financial statements and financial reporting before submission to the Board, internal audit function, compliance function and the work of the statutory auditors. It also reviews the reports of the internal auditors and statutory auditors along with the comments and action taken reports of the management. The Committee gives appropriate directions to the management in areas that need to be strengthened. The Committee reviews and ratifies the related party transactions, monitors age-wise analysis of unclaimed amount of Policyholders, progress on settlement of unclaimed amount and steps taken by the Company to reduce unclaimed amount and suggests appropriate measures thereto, reviews the mechanisms to comply with the provisions of applicable laws, rules, regulations, circulars issued by the regulators. The Committee recommends to the Board, the appointment or re-appointment of the statutory auditors, internal auditors, secretarial auditors, concurrent auditors, investment risk management auditors and their remuneration. The Committee and Statutory Auditors discuss the nature and scope of audit prior to the commencement of the audit and areas of concern, if any, arising post audit. The Committee approves the type and nature of other services that can be availed by the Company from the Statutory Auditors. The Committee also oversees internal financial control and risk management systems of the Company and ensures that adequate procedures and processes has been set-up to address all concerns relating to adequacy of checks and control mechanisms.

During the year, the AC met five (5) times on April 27, 2016, May 6, 2016, July 27, 2016, October 17, 2016 and January 24, 2017.

After March 31, 2017, the Committee met on April 26, 2017 to consider and recommend to the Board the audited financial statements for the year ended March 31, 2017 and on July 17, 2017 for recommending the unaudited financial statements for the quarter ended June 30, 2017 and on August 18, 2017, to consider and recommend to the Board the audited financial statements to be placed before the Annual General Meeting for adoption by the Shareholders as required under the provisions of Section 96(1) and 134(1) of the Act.

The composition of the ACC and attendance of the Committee members at the meetings held during the year are listed below:

Members	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Mukund Chitale*	3	3
Mr. Haris Ansari*	3	3
Mr. R. Shankar Raman*	3	2
Mr. Mehernosh B. Kapadia (Chairman)**	2	2
Mr. Bernhard Steinruecke**	2	2
Mr. Ritesh Kumar**	2	2

* Upto September 9, 2016. ** From September 9, 2016.

The revised composition of the ACC with effect from the Effective Date is as follows:

Members	Position
Mr. Mehernosh B. Kapadia (Chairman)	Independent Director
Mr. Bernhard Steinruecke	Independent Director
Dr. Jagdish Khattar	Independent Director
Mr. Arvind Mahajan	Independent Director
Mr. Keki M. Mistry	Non-Executive Director
Mr. Alexander Ankel	Non-Executive Director

Investment Committee (IC)

The Investment Committee comprises six (6) members – one Non-Executive Director, one Independent Director, the Managing Director and CEO, the Chief Financial Officer, the Appointed Actuary and the Chief Investment Officer. The composition of the Committee is in conformity with the provisions of the IRDA (Investment) Regulations, 2016, as amended and the Guidelines issued thereunder by IRDAI from time to time. During the year, pursuant to change in management and control of the Company, the Committee was re-constituted.

The Committee reviews the Investment Policy of the Company, its implementation and the operational framework for the investment operations, ensuring liquidity for smooth operations, compliance with prudential regulatory norms on investments, risk management / mitigation strategies to ensure adequate return on investment of Policyholder and Shareholder funds. The Committee also reviews the ALM and solvency position,

the investment strategies adopted from time to time and gives suitable directions as needed.

The Committee at its quarterly meetings inter-alia reviews the report of the concurrent auditors on audit of investment functions - transactions and related systems, the investments made by the Company during the quarter, ALM position and the investment strategy for period ahead and provides its advise and suggestions.

All the Committee members are fully conversant with various responsibilities cast on them by IRDAI (Investment) Regulations, 2016, as amended and Guidelines issued thereunder by IRDAI from time to time. The Committee regularly apprises the Board on the performance and analysis of Company's investment portfolio and strategy.

During the year, the IC met four (4) times on July 15, 2016, October 17, 2016, January 24, 2017 and March 31, 2017. The IC also met on April 26, 2017 and on July 17, 2017.

The composition of the IC and attendance of the members at the meetings held during the year are listed below:

Members	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Y. M. Deosthalee*	1	1
Mr. R. Shankar Raman*	1	1
Mr. G. C. Rangan*	1	1
Mr. V. Krishnamoorthy*	1	1
Mr. Hareshwar Karekar*	1	1
Mr. Jatin Arora*	1	1
Mr. Ritesh Kumar**	3	3
Mr. Mukesh Kumar **	3	3
Mr. Mehernosh B. Kapadia **	3	3
Mr. Anurag Rastogi (Appointed Actuary) **	3	3
Mr. Samir H. Shah** (CFO & Chief Risk Officer)	3	3
Mr. Abhiranjan Gupta (Chief Investment Officer)**	3	3

* Upto September 9, 2016. ** From September 9, 2016.

The revised composition of the IC with effect from the Effective Date is as follows:

Members	Position
Mr. Keki M. Mistry (Chairman)	Non-Executive Director
Mr. Alexander Ankel	Non-Executive Director
Mr. Ritesh Kumar	Managing Director and CEO
Mr. Arvind Mahajan	Independent Director
Mr. Puneet Sudan	Appointed Actuary
Mr. Samir H. Shah	Member of Executive Management and CFO
Mr. Abhiranjan Gupta	Chief Investment Officer

Risk Management Committee (RMC)

The Risk Management Committee comprises four (4) members – one Non-Executive Director, two Independent Directors and the Managing Director and CEO of the Company. The Chairman of the Committee is an Independent Director. During the year, pursuant to change in management and control of the Company, the Committee was re-constituted.

The Chief Risk Officer is a permanent invitee to the meetings of the Committee.

The terms of reference of the Committee inter-alia include overseeing the Company's risk management policy and practices, reviewing various key risks and frauds associated with the business of the Company, evaluation of risk exposure and laying down risk tolerance limits for the Company and thereby assisting the Board in effective monitoring of the Risk Management Framework (RMF) of the Company. The RMC advises the Board with regard to risk management in relation to strategic and operational matters. The RMC also reviews the ALM and solvency position of the Company.

In accordance with the framework, the RMC provides an assurance that risk exposures are adequately controlled and identified gaps are effectively taken care of by implementing appropriate risk minimization measures.

During the year, the RMC met four (4) times on May 6, 2016, October 17, 2016, January 24, 2017 and March 31, 2017. The RMC also met on April 26, 2017 and July 17, 2017.

The composition of the RMC and attendance of the members at the meetings held during the year are listed below:

Members	No. of Meetings held during the tenure	No. of meetings attended
Mr. H. Ansari *	1	1
Mr. G. C. Rangan *	1	1
Mr. Mehernosh B. Kapadia (Chairman) **	3	3
Mr. Bernhard Steinruecke**	3	3
Mr. Ritesh Kumar **	3	3
Mr. Mukesh Kumar **	3	3

* Upto September 9, 2016. ** From September 9, 2016.

The revised composition of the RMC with effect from the Effective Date is as follows:

Members	Position
Mr. Bernhard Steinruecke (Chairman)	Independent Director
Mr. Mehernosh B. Kapadia	Independent Director
Mr. Keki M. Mistry	Non-Executive Director
Ms. Renu Sud Karnad	Non-Executive Director
Mr. Andree Moschner	Non-Executive Director
Mr. Anuj Tyagi	Executive Director
Mr. Ritesh Kumar	Managing Director and CEO

The Company also has a sub-committee of the RMC (SC-RMC) comprising of the Senior Executives of the Company including the Managing Director and CEO and Executive Directors. The terms of reference of the Committee inter-alia includes review of the Company's RMF and its effectiveness, monitoring key areas of existing and emerging risk and assisting the RMC in fulfilling its objectives of managing various risks associated with the business of the Company and on a regular basis review and advise on matters such as IBNR utilization status, premium payment warranty, frauds, business continuity and disaster recovery plan and ALM from a risk perspective.

Policyholder Protection and Grievance Redressal Committee (PPGRC)

The Policyholder Protection and Grievance Redressal Committee comprises four (4) members –two Independent Directors, one Non-Executive Director and the Managing Director and CEO of the Company. During the year, pursuant to change in management and control of the Company, the Committee was re-constituted.

The Committee reviews the processes being followed in redressal of Policyholder grievances and the grievance redressal mechanism of the Company and suggests mechanism for speedy redressal of complaints / grievances from Policyholders. The Committee also reviews the steps taken by the Company to reduce unclaimed amount due to the Policyholders.

The Complaints and Grievance Redressal Policy (C&G Policy) of the Company is available on the website of the Company (www.hdfcergo.com). The key objective of the Policy is to provide for a mechanism to redress the grievance and complaints of the Policyholders in a time bound manner and to their satisfaction in accordance with the applicable laws. A designated email id viz. grievance@hdfcergo.com is provided to enable Policyholders to submit their grievance / complaint and its speedy redressal.

During the year, pursuant to new Corporate Governance Guidelines issued by IRDAI, the terms of reference of the Committee was amended and in terms thereof, the Committee, (i) approved a code of fair practices and the same forms part of C&G Policy; (ii) reviews the awards given by Insurance Ombudsman/Consumer Forums and the root cause of customer complaints; (iii) reviews claims report, including status of outstanding claims with ageing and repudiated claims with analysis of reasons thereof.

The Committee regularly submits its report to the Board inter alia with regard to complaints / grievances received and resolved, mechanism in place / process being followed for resolution of the complaints / grievances and its observations on the efficacy of the existing mechanism. The report also contains the status of outstanding claims with ageing and repudiated claims with analysis of reasons thereof.

During the year, the PPGRC met four (4) times on May 6, 2016, October 17, 2016, January 24, 2017 and March 31, 2017. The PPGRC also met on April 26, 2017 and July 17, 2017.

The composition of the PPGRC and the attendance of the members at the meetings held during the year are listed below:

Members	No. of Meetings held during the tenure	No. of meetings attended
Mr. H. Ansari *	1	1
Mr. G. C. Rangan*	1	1
Mr. Bernhard Steinruecke (Chairman)**	3	3
Mr. Mehernosh B. Kapadia**	3	3
Mr. Ritesh Kumar**	3	3
Mr. Mukesh Kumar***	2	2

* Upto September 9, 2016. ** From September 9, 2016.

*** From January 24, 2017.

The revised composition of the PPGRC with effect from the Effective Date is as follows:

Members	Position
Dr. Jagdish Khattar (Chairman)	Independent Director
Mr. Arvind Mahajan	Independent Director
Mr. Keki M. Mistry	Non-Executive Director
Ms. Renu Sud Karnad	Non-Executive Director
Mr. Alexander Ankel	Non-Executive Director
Mr. Anuj Tyagi	Executive Director
Mr. Mukesh Kumar	Executive Director

The new Corporate Governance Guidelines issued by IRDAI, advised insurers to include an expert/representative of customers as an invitee at the meetings of the Committee to enable insurers to formulate policies for protection of interests of the Policyholders and assess compliance thereof. Dr. Jagdish Khattar, Chairman of the Committee is a former officer of the Indian Administrative Service (IAS) and has a vast experience as Head of PSUs in cement, transport and tea board etc. He was Managing Director of Maruti Suzuki India Ltd. from 1999 to 2007. As an Independent Director of the Company, Dr. Khattar always vouches for issues involving Policyholders services and redressal of their grievances. As Chairman of the Committee, Dr. Khattar directs and ensures that the Company improvises its grievance redressal mechanism on a continuous basis and increases its standard of services and adheres to the code of fair practices in true letter and spirit. In Board's

view, Dr. Khattar is an expert best suited to take care of the interest of the Policyholders and suggest formulation of requisite policies thereto and assess compliance thereof.

The Company also has a sub-committee of the PPGRC (SC-PPGRC) comprising of the Senior Management team including the Executive Director. The Committee inter-alia reviews the effectiveness of the grievance redressal mechanism, volume of complaints as compared to business growth, turn-around-time for redressal of Policyholder grievances, escalation and C&G trend - operation, claims and sales, customer service initiatives and insurance awareness programmes being undertaken by the Company.

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee comprises two Independent Directors and one Non-Executive Director. The Chairman of the Committee is an Independent Director. During the year, pursuant to change in management and control of the Company, the Committee was re-constituted.

The terms of reference of the Committee inter-alia includes consideration and determination of the salary and other terms of the compensation package for the Whole-time Directors, approval of the annual compensation of the Whole-time Directors, subject to approval of IRDAI, approval of the annual increments to the Senior Management Personnel as well as overall salary increase across the organization, administration of the Employee Stock Option Plan (ESOP), grant of stock options to eligible employees and fixing of criteria inter-alia for evaluation of performance of individual Directors, Board as a whole and Board Committees.

During the year, the Committee met once on January 24, 2017. The Committee also met on April 26, 2017.

The composition of the NRC and the attendance of the members at the meetings held during the year are listed below:

Directors	No. of Meetings held during the tenure	No. of meetings attended
Mr. Bernhard Steinruecke*	1	1
Mr. Mehernosh B. Kapadia*	1	1
Mr. Ritesh Kumar*	1	1

*From September 9, 2016.

The revised composition of the NRC with effect from the Effective Date is as follows:

Members	Position
Dr. Jagdish Khattar (Chairman)	Independent Director
Mr. Bernhard Steinruecke	Independent Director
Mr. Mehernosh B. Kapadia	Independent Director
Mr. Keki M. Mistry	Non-Executive Director
Ms. Renu Sud Karnad	Non-Executive Director
Mr. Alexander Ankel	Non-Executive Director

Corporate Social Responsibility Committee (CSR)

In terms of the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, due to continuous and accumulated losses, the Company was not required to spend any amount towards Corporate Social Responsibility (CSR) activities.

In accordance with the provisions of Section 135 of the Act, the Transferor Company had constituted a CSR Committee comprising of the following Directors and the Board has approved the constitution of the CSR Committee for the Company having the same composition, with the Chairman being an Independent Director.

Members	Position
Dr. Jagdish Khattar (Chairman)	Independent Director
Mr. Mehernosh B. Kapadia	Independent Director
Mr. Deepak S. Parekh	Non-Executive Director
Ms. Renu Sud Karnad	Non-Executive Director
Mr. Andree Moschner	Non-Executive Director
Mr. Mukesh Kumar	Executive Director

The Company has adopted the CSR Policy of the Transferor Company which inter-alia specifies the broad areas of CSR activities that could be undertaken by the Company, approach and process for undertaking CSR projects and the monitoring mechanism. The CSR Policy is available on the website of the Company (www.hdfcergo.com).

The Company also has sub-committee of the CSR (SC-CSR) comprising of the Senior Management team including two Executive Directors. The Committee inter-alia facilitates the CSR Committee in accomplishing its objectives as stipulated under Section 135 of the Act read with CSR Rules and identifies, implements and monitors the CSR projects on a continuous basis.

Allotment Committee (AC)

In accordance with the provisions of the Act and Companies (Prospectus and Allotment of Securities) Rules, 2014, the Transferor Company had constituted an Allotment Committee comprising of the following Directors and the Board has approved the constitution of the Allotment Committee for the Company having the same composition, with the Chairman being an Independent Director.

Members	Position
Dr. Jagdish Khattar (Chairman)	Independent Director
Mr. Keki M. Mistry	Non-Executive Director
Ms. Renu S. Karnad	Non-Executive Director
Mr. Alexander Ankel	Non-Executive Director
Mr. Ritesh Kumar	Managing Director and CEO

The terms of reference of the Committee inter-alia includes consideration and approval of allotment of shares and other securities either pursuant to exercise of stock options by eligible employees or in case the Board approves, issue of new securities from time to time.

Remuneration of Non-Executive Directors

The remuneration of Non-Executive Directors consists of sitting fees and commission. For details of sitting fees and commission paid to Non-Executive Directors, kindly refer Section VI (B) of Form MGT 9, appended to the Director's Report.

Whistleblower Policy

The Company promotes ethical behavior in all its dealings, business or otherwise and has put in place a Whistleblower Policy (Policy) for reporting of any illegal or unethical behavior. In terms of the Policy, any person including employees, vendors and customers may report violations of laws, rules, regulations or unethical conduct to the Whistleblower Committee constituted for the purpose. The Policy provides for maintaining confidentiality of such reporting and ensures that the Whistleblowers are protected and not subjected to any discriminatory practices. In respect of cases reported to the Committee appropriate disciplinary action has been taken or police complaint filed where adequate evidence was available.



Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has a policy on prohibition of sexual harassment (POSH) at the workplace (the Policy) based on the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 with an objective to promote a safe and secure work environment for all employees and to provide protection against sexual harassment of employees and prevention thereof and redressal of complaints. The Company has constituted an Internal Complaints Committee (ICC) comprising of six members. Of the six members four are women including a member from a non-governmental organization, who is an expert on the subject matter. One of the women members is the presiding officer of ICC.

The role of ICC is to monitor complaints and redressal of grievances under the Policy. During the year under

review, there were no cases reported. An Online POSH module was enabled for all employees (Included study material followed by compulsory test). Also during the year, sessions were conducted on an on-going basis to create awareness about the Policy amongst the employees.

Code of Conduct

The Company's Code of Conduct is applicable to employees and Directors of the Company. All the members of the Board and Senior Management Personnel have confirmed adherence to the provisions of the said Code of Conduct.

On behalf of the Board of Directors

DEEPAK S. PAREKH
Chairman
(DIN: 00009078)

Mumbai
August 18, 2017

Compliance Certificate

In accordance with the provisions of Corporate Governance Guidelines issued by the Insurance Regulatory and Development Authority of India, I, Dayananda V. Shetty, Executive Vice President - Legal & Compliance and Company Secretary of the Company, hereby certify that the Company has complied with the provisions of Corporate Governance Guidelines for Insurance companies issued by IRDAI, as amended from time to time and to the extent applicable and nothing has been concealed or suppressed.

Mumbai
August 18, 2017

DAYANANDA V. SHETTY
Executive Vice President -
Legal & Compliance and Company Secretary
FCS: 4638

Management Discussion and Analysis Report

Background

On September 9, 2016, pursuant to receipt of approval from the Insurance Regulatory and Development Authority of India (IRDAI) and the Competition Commission of India, Larsen & Toubro Limited, the promoter of the Company sold its entire shareholding in the Company to HDFC ERGO General Insurance Company Limited (Transferor Company), pursuant to which the Company became a wholly-owned subsidiary of the Transferor Company. The name of the Company was thereafter changed to HDFC General Insurance Limited (HGI) with effect from September 14, 2016.

The National Company Law Tribunal, Mumbai Bench at its final hearing held on June 23, 2017, approved the Scheme of Arrangement for merger of the Transferor Company with the Company. The Insurance Regulatory and Development of India (IRDAI) vide its letter dated August 14, 2017 gave its final approval to the merger, with Effective Date as August 16, 2017. The Appointed Date is January 1, 2017.

The figures for the year under consideration for the Company consist of the financial performance of the Company for the period April 1, 2016 to March 31, 2017 and the financial performance of the Transferor Company for the period January 1, 2017 to March 31, 2017. The figures for previous year for the Company consist of the financial performance of the Company for the period April 1, 2015 to March 31, 2016.

Macro Economic Environment

Financial year 2016-17 has seen some major shift events which are still defining the world order. Brexit is still underway and the next few years are expected to redefine the politico-economic-socio order in Europe. The second one is the new leadership in US. Globalization, free trade and technology and innovation are put to critical scrutiny given that it has led to reducing wages and jobs for workers in the western world. The situation has worsened as these nations have an ageing population and are overcommitted towards some costly welfare schemes. General opinion has largely shifted towards economic populism and nationalism. The external environment continues to remain complex, uncertain and volatile.

During the year gone by, our country saw a very uncommon economic phenomenon in the form of demonetization of specified currency notes. Its effect on the economy appears to be transient as of now. According to the estimates of Central Statistical Office (CSO), the GDP in

2016-17 grew by 7.1% in constant price terms. Agriculture, forestry and fishing sectors grew at 4.9% in 2016-17 after a slow year in 2015-16 with a 0.7% growth. Manufacturing and Service Sectors witnessed robust growth in 2015-16 with 10.8% and 9.7% growth respectively, and continued to drive GDP growth in 2016-17 with 7.9% and 7.7% growth respectively. However, the gross fixed capital formation grew at a meagre rate of 2.4%. At the same time, the Central Government has initiated many schemes to spur growth, amongst which schemes relating to affordable housing, rural road, crop insurance, etc. are likely to benefit the masses immensely.

General Insurance Industry

With the increase in FDI limits, most foreign shareholders increased their shareholding in the insurance companies. Further, a few insurers are in the process of launching public issues of their equity shares, while some others are awaiting regulatory approvals for commencing business operations. In addition, pursuant to reinsurance regulations, 6 foreign reinsurers received regulatory approvals for conducting Indian branch operations, and some of them started business in India, thereby providing higher risk capacity to the Indian market.

Some of the key regulatory changes during the year include regulations on Expenses of Management, Solvency, Point of Sale Persons and Payment of Remuneration and Reward to Insurance Agencies and Intermediaries. Further, amendments have been proposed to the Motor Vehicles Act which is awaiting parliamentary approval. These regulatory changes, accompanied by the increased competitive intensity, are expected to deepen the reach, push the industry to improve its operating efficiencies and increase protection of the policyholders, amongst others.

During the year, the industry grew at 32%, recording the highest growth rate in the past 15 years. Considering the industry growth of 32% and the GDP growth estimated at ~7%, the insurance penetration as % of GDP is estimated to improve from ~0.77% (2016) to ~0.95% (2017), which would continue to represent an opportunity for improving the penetration vis-à-vis comparable economies.

Segment wise growth and market share

The industry growth was largely driven by the crop insurance segment which grew by 288%, while the non-crop growth was 18%.

Previously, the Modified National Agriculture Insurance Scheme (MNAIS) and Weather Based Crop Insurance Scheme (WBCIS) were the crop insurance schemes operational in India. The Pradhan Mantri Fasal Bima Yojana (PMFBY), launched in early 2016, replaced these schemes to be the only crop insurance scheme operational across India. The PMFBY is structured to be a sustainable crop insurance scheme which is affordable to the farmers with higher scale of finance compared to the previous schemes. Extensive use of technology for crop yield estimation as envisaged under the scheme is expected to be beneficial to the farmers in case of adverse situations.

The scheme is based on actuarial pricing, i.e. premium rates are derived based on anticipated loss experience. Strong push by the Government helped the PMFBY improve the insurance penetration to ~30% of the sown area. As a combined effect of these changes – the shift to premium subsidy scheme based on actuarial pricing, increase in insurance penetration and improvement in scale of finance – the crop insurance segment grew by 288% during the year, and now constitutes ~16% of the industry.

Among the non-crop segments, the growth was led by Motor, Health and Personal Accident segments. Motor segment grew by ~19%, supported by growth in domestic sales of passenger cars (9%), commercial vehicles (4%) and two-wheelers (6%), and revision in rates for the Motor Third Party segment. Health (at ~24%) and Personal Accident (at ~38%) segments witnessed strong growth largely on the back of improved insurance penetration. The corporate business grew by ~5% on a year-on-year basis. Thus, the segment wise composition of the industry as of March 2017 is as follows (figures in brackets represent composition as of March 2016): Motor - 39% (44%), Accident & Health - 27% (28%), Corporate lines - 18% (22%) and Crop - 16% (6%).

Insurer category wise growth and market share

Private sector insurers (including the standalone health insurers) grew by 36%, while public sector insurers (including the specialized insurers) grew by 25% during the same period. Private sector insurers showed higher growth in corporate and crop segments, while public sector insurers led the growth in Motor segment. Both categories of insurers equally contributed to the growth in the Accident & Health segment.

As a result, the market share of private sector insurers (including standalone health insurers) has increased from 45.5% as of March 2016 to 46.7% as of March 2017.

Performance Review

During the year, the gross written premiums of the Company increased from ₹ 482.6 crore to ₹ 2,252.4 crore, registering a growth of 366.7%. The Company achieved a profit after tax of ₹ 124.4 crore as compared to a loss of ₹ 102.0 crore during the previous year. The growth in gross written premium and improvement in profit was driven by the merged entity being in force for one quarter in the current year and on account of portfolio steering measures and cost synergies is due to integration.

The integration of the Company and the Transferor Company was planned so as to have minimum disruption to the business, and it progressed as per the plan during FY 2016-17. The employees of the Company were integrated in the Transferor Company structure. Distribution relationships were aligned with those of the Transferor Company for seamless experience to policyholders and distribution partners. The merged entity is now able to better cater to the requirements of the policyholders, as they have access to the product bouquet of both the companies. Lastly, the system and process integration of the Company with the Transferor Company has largely been completed.

For a better understanding of the financial performance during the current year, we present below an overview of the financial performance of the Transferor Company and the Company on a standalone basis for FY17 along with comparison with respective previous years:

Performance Review – Transferor Company

During the year, the Transferor Company improved its position amongst private players by one position and was the third largest private insurer in the country, with a market share of 4.6% as at March 31, 2017. The gross written premium increased from ₹ 3,466.5 crore to ₹ 5,934.6 crore, registering a growth of 71.2%. In line with its strategy, the product mix in Motor, Accident & Health, Corporate and Crop segments was at 27% (PY: 34%), 22% (PY: 32%), 18% (PY: 26%) and 33% (PY: 8%) respectively.

During FY17, the Transferor Company achieved a profit after tax of ₹ 277.2 crore up from ₹ 151.4 crore during FY16, registering a growth of 83.1%. The increase in profits

was driven by the focus on Motor and Accident & Health segments, supported by corporate and crop segments.

Performance Review – the Company

In the post-acquisition phase, the Company de-focused certain business segments as a part of portfolio steering measures. Further, certain policyholders opted to renew their expiring policies with the Transferor Company. In addition, certain distribution partners of the Company expanded their relationship with the Transferor Company. As a result, the gross written premiums of the Company was reduced to ₹ 354.5 crore during FY17 as compared to ₹ 482.6 crore during FY16.

At the same time, portfolio steering and operational efficiencies due to integration resulted in an improvement in the profitability. The Company's loss for the year decreased to ₹ 39.7 crore against loss of ₹ 102.0 crore during FY16.

Retail Business Group (RBG)

The Company did not have a separate Retail Business Group (RBG) vertical. The RBG of the Transferor Company on a standalone basis recorded a growth of 26.6% during FY17 with premiums reaching ₹ 2,767.1 crore (PY: ₹ 2,186.4 crore). The share of RBG's business for FY17 was 47% (PY: 63%).

The premiums for non-motor retail products grew by 16.0% from ₹ 1,047.5 crore in FY16 to ₹ 1,215.4 crore in FY17. Product lines, namely, retail personal accident, retail health and miscellaneous lines of business grew by 6%, 6% and 39.9% respectively compared to previous year.

The portfolio correction undertaken in the motor segment in the previous year continued in FY17 as well. In spite of this, motor business grew by 36.2% from ₹ 1,139.4 crore in FY16 to ₹ 1,551.9 crore in FY17.

Bancassurance channel continued to contribute significantly, leveraging on distribution spread of our partners, in addition to increased scale in our Agency Business.

Strategic Alliances Group enabled the Company to add new partners during the year and an increased business scale.

The Company continued to focus on engagement initiatives towards online medium of sales, renewals, online renewal of private car insurance policies and as a result saw an increase in renewals as well as new policy sales through this channel.

The Company has undertaken a host of digital initiatives for customers and channel partners and has developed integrated mechanism into its operating models.

Corporate Business Group (CBG)

The corporate portfolio in general insurance continues to be competitive, driven by large reinsurance capacities in property lines and limited new asset creation activity.

This year, however, the industry has seen price correction in major occupancies and we see an impact in fire and engineering portfolio growth. Health and Marine portfolio still continues to be highly price sensitive and competitive. These lines may further come under stress because of hardening of prices on property.

The Company continues to build its corporate portfolio selectively focusing on geographic, channel as well as product diversification. On group health, the Company continues to adopt a cautious approach.

Broking channel is emerging as a key channel for corporate business and to harness its full potential, the Company has engaged with large and mid-segment brokers to create the portfolio spread. Currently, about 58% of corporate business is sourced from the broking channel, in which the Company would continue to invest.

The Company has also seen growth in business from new products like extended warranty, trade credit, film and media insurance and political risk insurance.

During FY17, the CBG has recorded a business of ₹ 320.85 crore.

During FY17, on standalone basis, CBG of the Transferor Company had recorded a business of ₹ 1,145 crore (FY16: ₹ 981 crore), registering a growth of 17% over FY16.

Rural and Agri Business Group (RABG)

During FY17, the RABG recorded a business of ₹ 31.01 crore (FY16: ₹ 59.93 crore) and the Company's rural market presence is quite dominant in tractor. The coverage in terms of number of lives was at 41,412 lives in FY17 (FY16: 77,956 lives). During the year, the Company has insured 2,150 customers under Micro health insurance policies (FY16: 1,668 customers) with a growth of 29%.

During FY17, on standalone basis, the RABG of the Transferor Company recorded a business of ₹ 2,021.6 crore (FY16: ₹ 299.0 crore). The share of RABG business for FY17 was 34.1% (FY16: 8.6%).

Investments

The Investment function complements the core business of the Company. The investments of the Company are made in accordance with the Investment Policy of the Company as approved by the Board of Directors. The Investment Committee oversees the implementation of the Investment Policy. The Company's investment strategy reflects the coordination between Assets and Liabilities given the nature of business of the Company, while keeping in perspective the regulatory framework. The Investment Policy mandate includes maintaining high degree of safety, optimizing the level of returns and consistency of returns commensurate with the level of risk undertaken.

As on March 31, 2017, the Investment Assets of the Company stood at ₹ 6,932.3 crore. The IRDAI (Investment) Regulations, 2016 requires Non-Life companies to invest 30% of their Investment Assets in Government and approved Securities, 15% in Infrastructure sector and Housing sector. The Company held ₹ 2,823 crore (41%) in Government securities, ₹ 2,264 crore (33 %) in securities of the Infrastructure and Housing sector. The Company held 82% of its debt assets in Sovereign and AAA or equivalent rated assets, reflecting high degree of safety. Further, the Company held ₹ 828 crore in assets maturing within one year. The total investment income for the year ended March 31, 2017 of the Transferor Company (standalone) was ₹ 513.5 crore (PY16: ₹ 360.3 crore) and of the Company (standalone) was ₹ 74.8 crore (PY16: ₹ 47.0 crore).

Underwriting

In respect of Property classes of business, 2017 was a relatively benign year in terms of natural catastrophes unlike 2016 and 2015 when we had the impact of Chennai Floods and Hud Hud Cyclone events, respectively. No major event having any adverse impact on the portfolio was reported. Nevertheless, there was some impact on account of a few large risk losses where the Company had participation. Nevertheless, unlike in the past, the Company's property business book has achieved relevant size to absorb such volatilities and the overall results have remained favourable.

There have been no major changes or structural adjustments to the underwriting approach of the Company which continues to remain focused on the quality of risks written and skilful portfolio management aided by technology in risk mapping and selection.

Apart from favourable growth, Company's property business has seen decent growth aided by price correction in certain segments or industries.

The Company continued its effort to de-risk the marine business from volatility by focusing more on the retail segment, while consolidating presence in the corporate segment.

In respect of Liability, market continues to grow at a modest rate. The Company's business has been profitable even though claims activity increased due to increased litigation in the country. The Company made efforts to expand to more geographies which were hitherto underserved aided by pre-underwritten, products, both on online and offline modes.

Claim Service

The Company takes pride to be a have a fair claims management practice, that's easy to work with. Following Company's core values, the claims service vertical has been able to provide equity of treatment to all its stakeholders. Prompt response and quick claim settlement has helped in creating an atmosphere of trust. The Company has helped the insured manage their claims in a collaborative, mutually supportive manner.

The Company has been sensitive in addressing claims and in this regard measures taken include simplifying procedures, especially during calamities like Chennai floods to ensure faster settlement. The Company continues to leverage technology for improving turn-around-times (TAT) and customer convenience.

Reinsurance

The Company had a successful reinsurance renewal for FY17 despite catastrophic losses from Chennai floods in FY16, causing large scale retail and corporate losses. The impact of these losses was mitigated by the robust reinsurance programme of the Company.

Post acquisition of the Company, the reinsurance program of the Company was aligned with that of the Transferor Company w.e.f. October 1, 2016. A thorough assessment of the reinsurance requirements of the combined business exposures was done and accordingly the merged reinsurance program was augmented.

The Company's reinsurance programme is designed to ensure protection against exposure to large losses affecting single risks as well as catastrophe loss events affecting multiple risks across portfolios. As per statutory

requirements, the Company ceded to General Insurance Corporation of India (GIC) 5% of its business, subject to monetary limits prescribed by IRDAI.

The Company's reinsurance panel comprises of the National Reinsurer- General Insurance Corporation of India and strong international reinsurers.

Operations, Technology and Customer Experience Management

The Company continually strives to enhance the experience for its customers and maintain a position as a brand that the customer can repose his trust on. There is an accelerated drive to imbibe new-age technologies and provide the customer options of multiple servicing channels that deliver prompt service.

The Company has provided its customers with the convenience of transacting on a digital platform for instant servicing. Transactions like policy copy, policy changes, raising a service request, etc. are available on a single click. The Company will continue its accelerated focus to include additional servicing options to widen the scope of self-service on the digital platform.

There is a clear drive to enhance processes by engaging a dedicated unit to continuously analyze all customer interactions aimed at identifying opportunities for enhancing the servicing experience for the customer.

The Company successfully ensured seamless integration with minimal servicing impact and provided an improved experience by extending a wider network of the branches of the Transferor Company to the customers of the Company.

Claim being an important moment of truth is especially handled very sensitively and the Company invested in mobile technologies to empower its claims staff, garages and lawyers to manage claim cases on mobile devices while on the go. This has helped in superior quality assessment, better customer engagement and faster claim settlement thereby achieving efficiencies in the entire value chain.

The Company has a strong social media presence and actively monitors Facebook, Twitter, LinkedIn and other social platforms. Various Customer Engagement drives are run wherein interesting information on our product suite, wellness tips and expert speak are shared to provide an

opportunity to connect with existing customers thereby increasing mindshare and positively impacting overall experience.

As a responsible corporate citizen, the Company aims to spread insurance awareness in consumer. The Company launched one of its kind initiative 'Insurance awareness award for school students' in Mumbai and aims to take the initiative to other cities in coming financial years. This platform shall help take Insurance awareness at school levels.

Operationally, on a combined basis policy volume grew by 4.5% over the previous year with overall volumes for the year at 50.83 lakh policies. The sole endeavour was to optimize on the resources and activities by focussing on increase in productivity levels and exploring automation opportunities in various operation functions.

The Company's own Motor renewals were automated to be processed with minimal manual processing at the local level, ensuring enhanced customer service & delivery to our channel partners. While focussing on last mile delivery; the Company has decentralized services to branches to optimally cater to channel requirements & better customer service. The Company has successfully created capacity in branches and at the central hub to cater to the impending rise in volumes in the new financial year. The Company undertook the path of exploring enhanced automation levels in various operational processes to increase the efficiency and accuracy to achieve better and faster customer service delivery. Process efficiency in various functions of Operations was also carried out to achieve higher productivity and savings.

Pursuant to acquisition, the Transferor Company invested heavily in understanding information technology landscape and created a detailed road map to leverage existing applications, software and hardware infrastructure and accomplished various milestones successfully which aligned both the companies to function as a single unit by achieving maximum efficiency with minimum cost.

The Company's vision of creating plug-n-play architecture for integration with any channel facilitated sales organization to empanel tie-ups expeditiously. In order to provide faster, accurate information exchange with

Hospitals leading to faster claim settlement, the Company got integrated with Health Exchange Platforms.

The Company's focus to improving efficiency pushed team to enhance Quote Management System for Corporate lines to get integrated with core system to achieve operational efficiencies

Continuing further on the digitization journey of making mobile platform as integral part sales and service, the Company launched **first of its kind Insurance Portfolio organiser 2.0 on apple watch**. Customers can now track their policies, service requests, and claims on apple watch. On servicing front, a newly revamped mobile enabled platform was built catering various sales' and agents' needs and along with modernizing FOS team with technology.

The Company continued its focus and commitment towards exploration of new age technologies. The Company will remain on the path of exploring **Cognitive technologies** including Speech analytics, Robotics, Natural Language Processing with advance analytics in various aspects to improve customer experience and operational efficiencies.

Distribution Network

The Company follows a multi-geography, multi-product and multi-distribution channel distribution strategy.

The corporate business grew across profitable products, and across direct and broking channels.

The retail business grew through all channels – Bancassurance, agency and direct, as well as through top 8 and beyond top 8 locations.

The Company continues to focus on growth across its bancassurance, agency, broking and direct channels, and on growing the share of its retail business from beyond top 8 locations. Online sales and Common Service Centre (CSC) continue to be the Company's focused alternate channels for distribution.

Human Resources

Pusaunt to acquisition, people, policies, processes and structures of the Company and the Transferor Company has been integrated.

Through automation initiatives over the years, the HR processes have become seamless and paperless. HR is now poised for partnership with business. Projects have been initiated to provide people analytics to the business that will aid decision support in critical areas. Towards this, an HR Analytics division was set up to analyze and study the current HR information landscape to find alternatives to achieve efficiency in data capturing and reporting. After an extensive evaluation process it has been decided to adopt cloud based HRMS tools and data migration to these tools.

Risk Management

In line with the inherent nature of its business, the Company has always endeavoured to enhance the integrity, intensiveness, and effectiveness of its Risk Management and made efforts to strengthen its proactive and comprehensive Risk Management in the interest of both Policyholders and Shareholders.

Employee communications have also been instituted to raise awareness and reinforce risk-aware behavior.

The Company has formulated a comprehensive Risk Management Framework (RMF) across all operating segments for monitoring Entity Level Controls, Insurance Risk, Asset Risk, Operational Risk and Information Security Controls.

The Framework includes identification of risks and controls within the various processes in the organization, assessment of risks and controls operating within the system and monitoring the corrective action plans instituted for control strengthening.

The RMF works at all levels across the Company and is a proactive, institution-wide program where policies, procedure and processes are used to measure, monitor and manage risk. The RMF in addition to assessing the impact and likelihood of risks also concurrently evaluates the degree to which risk policies and procedures are being followed and the effectiveness and efficiency of these policies and procedures.

The RMF has the flexibility to allow each risk discipline to monitor the items that are important to it, but within a common framework.

The RMF therefore provides the critical insight that fuels strategic decision making and prioritization of opportunities.

The key roles and responsibilities regarding overall Risk Management lies with the Board of Directors and the Risk Management Committee of Directors (RMC). The RMC is also focused on the adoption and effective implementation of best practices in Risk Management by the Company and setting industry benchmarks. The RMC is assisted by its Sub Committee in the discharge of its responsibilities.

The Internal Audit function continues to be an autonomous and objective assurance providing function. It conducts audits of processes and branches basis an annual audit plan. The planning and conduct of internal audits is oriented towards assessing the design of controls and the operating effectiveness of internal controls with an intent to provide an objective and independent assurance. It provides independent assurance on the efficacy of Risk Management practices and on Operational Compliance on a concurrent basis.

Over the last several years, internal audit has provided assurance on the effectiveness of governance, risk management, and internal controls of the Company.

Risk and Loss Mitigation

The Company has a designated Risk and Loss Mitigation Unit (RLMU) which handles the Fraud Management Framework comprising Whistleblower Policy, Anti-Fraud Policy and Code of Conduct. It also carries out field investigation of claims. The function is ISO 9001:2008 certified.

The Company has leveraged on technology and developed applications to handle huge volume of claims.

Solvency

An insurance company is considered to be solvent if its assets are adequate and liquid to pay off claims or liabilities as and when they arise. The solvency ratio is used to assess this. Thus, an insurance company's solvency ratio indicates its claim paying ability; higher the solvency ratio, better the claim paying ability.

As on March 31, 2017, the Company had a solvency ratio of 1.76 and 1.67 on a standalone basis as against the minimum regulatory requirement of 1.50.

Future Outlook

Low insurance penetration levels across motor, accident & health and crop segments, asset creation and improved insurance awareness continue to provide a growth opportunity for the industry.

At the same time, the recent regulatory changes are expected to provide a further push to the industry to improve its operational efficiencies. Further, impetus on skill development, adoption of technology, etc. would result in better delivery of services.

The Company believes that the recent regulatory changes and the measures to provide impetus to the economy will result in strong growth and improve the profitability profile of the industry. The Company would continue to innovate, use technological solutions and strive to provide better policyholder and stakeholder propositions in the future.

ANNUAL REPORT ON CSR ACTIVITIES OF THE TRANSFEROR COMPANY

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

A. CSR Policy

The CSR Policy of the Company inter-alia specifies the broad areas of CSR activities that could be undertaken by the Company, approach and process for undertaking CSR projects and the monitoring mechanism.

The Policy is available on the website of the Company (www.hdfcergo.com).

B. Organization setup

The CSR projects are implemented under the guidance of the CSR Committee of Directors, which presently comprises six Directors. The Company also has sub-committee of the CSR (SC-CSR) comprising of the Senior Management team including two Executive Directors. The terms of reference of the Committee inter-alia includes:

- (i) Formulate and recommend CSR policy to the Board for approval;
- (ii) Recommend for approval of the Board, the amount of expenditure to be incurred on CSR activities in a financial year along with projects to be undertaken earmarking funds for broad area wise projects; and
- (iii) Monitor from time to time the implementation of the CSR projects undertaken by the Company. Evaluation & Reporting of project and programs implemented to the CSR Committee.

C. Scope of activities

The CSR activities of HDFC ERGO are as per the provisions of Schedule VII of the Act.

i. Geographical Span of CSR Projects

The CSR activities are taken up primarily in and around areas near HDFC ERGO's places of business. At least 80% of the amount earmarked for CSR activities are spent in these areas under the 'Gaon Mera' Initiative. The balance 20% funds are utilized for other CSR activities.

ii. Planning

The identification of CSR activities are done using one or more combination of the following methods:

- (i) In-house planned projects.
- (ii) Proposals from District Administration / Local Govt. body/public representatives etc.
- (iii) Proposals/requests from a registered & specialized body for providing financial assistance for carrying out specific CSR initiatives subject to the condition that it fulfills the criteria as prescribed in the statute in this regard.

iii. Implementation Methodology

The CSR activities / projects are implemented using internal resources or through collaborating with NGOs / specialized agencies / trusts / institutions / foundations / societies / Government bodies etc. in accordance with provision of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The details of CSR initiatives undertaken by the Company during the financial year 2016-17 and other CSR activities are given below -

I. Gaon Mera Phase II completed in 4 Identified Villages

The focal area for the Company's CSR intervention is a dedicated "Adopt Village" programme called "GAON MERA". The program is aimed at improving the current status of Sanitation, Healthcare, Education & Livelihood in selected village/s. The idea is to work holistically with all relevant stakeholders in abovementioned areas to make a sustainable impact in lives of the marginalized communities living in selected villages. Charities Aid Foundation (CAF) India is working as an Implementation Partner in "GAON MERA" Program.

The Company has selected villages through internal employee nomination in 4 states of India namely Kerala, Maharashtra, Uttar Pradesh and Chattisgarh. The "Gaon Mera" project aims at adopting four villages namely Cherthala in Kerala, Raweli in Chattisgarh, Kharapati in Maharastra and Saunda in UP and work holistically with all relevant stakeholders in these villages on four key components viz. Sanitation, Education, Health Care & Livelihood to make a sustainable impact in the

lives of the marginalized communities living in these villages.

CAF India has partnered with the following organizations for implementing the projects:

- i) NGO Social and Development Research and Action Group (SADRAG) in UP;
- ii) SAMARTHAN in Chhattisgarh;
- iii) FREED in Kerala; and
- iv) AWARD in Maharashtra.

II. GAON MERA SCHOOL RECONSTRUCTION & DEVELOPMENT PROJECT IN 2 IDENTIFIED VILLAGES

Govt. Primary School of Rangadi-Sarsai village, District Kullu, Himachal Pradesh and Govt. Primary & High School Kolamba village, District Jalgaon, Maharashtra have been selected for reconstruction under Company's CSR Initiative Gaon Mera FY17. Charities Aid Foundation (CAF) India is also working as an Implementation Partner for these activities.

CAF India has partnered with the following organizations for the school re-construction and development projects:

- I. Institute for Integrated Rural Development (IIRD-Shimla) for Sarsai-Rangadi School Reconstruction project in Himachal Pradesh; and
- II. Ashwamegh Gramin Panlot Kshetra Vikas Va Shaikshani Sanstha (AGVSS-Amravati) for Kolamba School Reconstruction project in Maharashtra.

The main objectives of the program are to address the need for sustainable educational infrastructure and support system for rural development and to recognize and analyze the needs and aspirations of the stakeholders for holistic advancement of education in the communities. The broad goal of the project is to evolve a model of integrated school development which can later on be scaled up and replicated in different locations. The project will work towards sustainable development in core focus education areas while maintaining inherent socio-cultural fabric of the village. The duration of the project at the initial stage is 6 months starting from March 2017 to August 2017. Preliminary investigation in the start-up phase has been undertaken by CAF India and Future Institute in the form of rapid need assessment and development of project proposal and need assessment. Govt School

Construction project using BaLA (Building as Learning Aid), an innovative concept for qualitative improvement in education, through developing child-friendly, learning and fun based physical environment.

III. CSR INTERVENTION IN RAJPORA PULWAMA, JAMMU & KASHMIR

The Company assisted in upgrading Govt. Community Health Centre by providing various Pathological equipments as part of CSR initiative involving an amount of ₹ 38 lacs.

2. Composition of the CSR Committee

- | | |
|-----------------------------|---|
| 1. Dr. Jagdish Khattar | - Chairman -
Independent Director |
| 2. Mr. Mehernosh B. Kapadia | - Independent Director |
| 3. Mr. Deepak S. Parekh* | - Non - Executive
Director |
| 4. Ms. Renu Sud Karnad | - Non - Executive
Director |
| 5. Mr. Andreas Kleiner** | - Non - Executive
Director |
| 6. Mr. Andree Moschner*** | - Non - Executive
Director |
| 7. Mr. Mukesh Kumar | - Executive Director
and Chairman – CSR
Sub-Committee |

*From April 21, 2016. **Upto July 19, 2016.

***From July 20, 2016.

3. Average net profit of the Company for last three financial years: ₹ 182.25 crore

4. Prescribed CSR Expenditure (two percent of the amount as in item 3. above): ₹ 3.64 crore

5. Details of CSR spent during the financial year:

- (a) Total amount to be spent for the financial year: ₹ 3.64 crore
- (b) Amount spend during the year: ₹ 3.64 crore (₹ 2.67 crore disbursed and balance amount of ₹ 0.97 crore has been earmarked and would be disbursed in FY 2017-18 as CSR spend of FY 2016-17).
- (c) Amount unspent, if any: NIL

(d) Manner in which the amount spent during the financial year is detailed below

1	2	3	4	5	6	7	8
Sr. No.	Projects / Activities	Sector	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken {District (State)}	Amount outlay (budget) project or programs -wise (₹)	Amount spent on projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹)	Cumulative expenditure up to the reporting period (₹)	Amount spent: Direct or through implementing agency
1	4 villages under Phase II activities of Gaon Mera Program	Overall development with focus on Sanitation, Healthcare, Education and Livelihood	Cherthala (Kerala), Raweli (Chhattisgarh), Kharapati (Maharashtra) Saunda in UP	7,500,000	Direct expenditure	7,500,000	Through implementing partner CAF-India.
2	Reconstruction project of Govt. School in 2 villages under Gaon Mera	Overall development of Govt. school by reconstruction and enriching resources with focus on Education	Kolamba, Chopda, Jalgaon (M.H.)	7,007,597	Direct expenditure	4,204,558	Through implementing partner CAF-India.
3	Reconstruction project of Govt. School in 2 villages under Gaon Mera	Development of Govt. school by construction and enriching resources with focus on Education	Kolamba, Chopda, Jalgaon (M.H.)	1,041,387	Direct expenditure	536,330	Through implementing partner CAF-India.
4	Reconstruction project of Govt. School in 2 villages under Gaon Mera	Overall development of Govt. school by reconstruction and enriching resources with focus on Education	Sarsai, Naggar, Kullu (H.P)	6,327,421	Direct expenditure	3,796,453	Through implementing partner CAF-India.
5	Reconstruction project of Govt. School in 2 villages under Gaon Mera	Taking suggestions and inputs from specialist Architecture in School construction	Sarsai, Naggar, Kullu (H.P) and Kolamba, Chopda, Jalgaon (M.H.)	146,050	Direct expenditure	146,050	Direct
6	Gaon Mera Pulwama Gaon Mera FY17 - upgradation of Community Health Centre by providing 6 diagnostic equipments	Health care	Rajpora, Pulwama, (J&K).	3,779,075	Direct expenditure	-	Direct
7	CSR Project - Solar light purchase for Pulwama district (4 villages) CSR Project - Solar light purchase for Pulwama district (4 villages)	Health care	Pulwama, (J&K).	70,000	Direct expenditure	70,000	Direct
8	Drought mitigation program through Emergency Water Trucking under Other CSR Program	Drinking water supply	14 villages in Beed District, Maharashtra	1,469,670	Direct expenditure	1,469,670	Through implementing partner CAF-India.
9	Supporting to improve schooling condition by building 2 floor Acoustics work in Sarasavati education society school under other CSR Program	Education	Mahim, Mumbai, Maharashtra	935,936	Direct expenditure	935,936	Direct

1	2	3	4	5	6	7	8
Sr. No.	Projects / Activities	Sector	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken {District (State)}	Amount outlay (budget) project or programs –wise (₹)	Amount spent on projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹)	Cumulative expenditure up to the reporting period (₹)	Amount spent: Direct or through implementing agency
10	Supporting to Environment Conservation Association for setting up an environmental observatory for noise and air pollution in under other CSR Program	Environment	Pune, M.H.	210,000	Direct expenditure	210,000	Direct
11	Supporting to establish Indian Institute of sports by JSW under other CSR Program	Education & Sports	Vijaynagar, Karnataka	2,500,000	Direct expenditure	2,500,000	Direct
12	Pollution mask distribution to Delhi Government Schools	Environment	8 Govt schools in Delhi State	425,000	Direct expenditure	425,000	Direct
13	PETA Vanguard Society leadership membership under other CSR Program	Animal Protection	Mumbai, Maharashtra	100,000	Direct expenditure	100,000	Direct
14	Initiative for beautification of open space below flyover or metro areas or open dividers	Environment	Mumbai, Maharashtra	1,695,129	Direct expenditure	1,525,615	Through implementing partner CAF-India.
15	Supporting Mentally retarded children by ADHAR Trust	Health care	Mumbai, Maharashtra	500,000	Direct expenditure	500,000	Direct
16	Eye checkups and Cataract surgery for underprivileged peoples	Health care	Different locations in India	2,500,000	Direct expenditure	2,500,000	Direct
17	Donating fund to Together foundation for purchasing Baking Equipment for setting up Bakery vocational skill training under other CSR Activities	Livelihood	Mumbai, Maharashtra	248,500	Direct expenditure	248,500	Direct
18	Other CSR expenditure	Environment	NA	33,574	Direct expenditure	33,574	Direct
	TOTAL			36,489,339		26,701,686	



Note 1: Charities Aid Foundation (CAF) India is a registered charitable trust set up in 1998 to provide strategic and management support to corporate, individuals and NGOs with an aim to ensure greater impact of their philanthropic and CSR investments. It is a leading international not-for-profit organization, which works to make giving more effective and charities more successful. CAF India is part of an international network with offices in nine countries, including Australia, Brazil, Canada, India, Russia, South Africa and the United States of America and distributes funds to over 90 countries around the world. CAF India, with its dedicated team of experts, brings development sector knowledge and experience to take 'Giving' further.

CAF have more than a decade long proven track record of conducting due diligence of non-government organizations across India and have gained the trust of many individuals, national and transnational companies, Foundations and institutions. CAF India has a wide range of 'giving' solutions which include corporate giving, Give as You Earn, Individual giving etc. CAF have an impeccable record of serving large multinationals,

Public Sector Undertakings, Indian commercial giants by delivering their CSR commitments successfully. Last year CAF worked with over 50 corporate partners, 50,000 individuals, 300 NGOs, supporting over 500 projects across 22 states of India.

Of the total CSR amount of ₹ 36,450,078 to be spent during the financial year 2016-17 the Company disbursed ₹ 26,701,686 and the amount of ₹ 9,748,392 has been earmarked and would be disbursed in FY 2017-18 as CSR spend of FY 2016-17.

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.

Sd/-

Mukesh Kumar
(Executive Director)
(DIN:06864359)

Sd/-

Dr. Jagdish Khattar
(Chairman - CSR Committee)
(DIN:00013496)



Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

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

The National Company Law Tribunal, Mumbai Bench (NCLT) vide Order dated June 23, 2017 approved the Scheme of Arrangement (“Scheme”) for merger of HDFC ERGO General Insurance Company Limited (“Transferor Company”) with HDFC General Insurance Limited (“Transferee Company”). The Insurance Regulatory and Development Authority of India (IRDAI) vide letter dated August 14, 2017 gave its final approval for the said merger. The Appointed Date and the Effective Date for the Merger is January 1, 2017 and August 16, 2017 respectively. Accordingly, all information provided in this form is after considering effect of merger.

I. REGISTRATION AND OTHER DETAILS

- i) CIN: U66030MH2007PLC177117
- ii) Registration Date: December 27, 2007
- iii) Name of the Company: HDFC ERGO GENERAL INSURANCE COMPANY LIMITED
(Formerly HDFC General Insurance Limited from September 14, 2016 and L&T General Insurance Company Limited upto September 13, 2016)
- iv) Category / Sub-Category of the Company: General Insurance
- v) Address of the Registered office and contact details: HDFC House, 1st Floor, 165-166, Backbay Reclamation, H.T. Parekh Marg, Churchgate, Mumbai – 400020, Email: care@hdfcergo.com | Website: www.hdfcergo.com
Tel. No.: +91 22 – 66383600 Fax No.: +91 22-66383699
- vi) Whether listed company: Yes. The Debt Securities are listed on BSE Limited.
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:
Karvy Computershare Private Limited, Corporate Registry, Karvy Selenium Pvt. Ltd. Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad-500 032. E-mail: support@karvy.com. Website: www.karvycomputershare.com Tel No.: +91 40-67161500 Fax No.: +91 40-23311968

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of main products/ services	NIC Code of the product/ service	% to total turnover of the Company
1	Motor OD	General Insurance (Non-Life) 6512 (sub-class 65120)	18.87%
2	Health Insurance	General Insurance (Non-Life) 6512 (sub-class 65120)	11.08%
3	Motor TP	General Insurance (Non-Life) 6512 (sub-class 65120)	13.32%
4	Weather/Crop	General Insurance (Non-Life) 6512 (sub-class 65120)	36.32%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	Housing Development Finance Corporation Limited	L70100MH1977PLC019916	Holding	50.732	2(46)

IV. SHARE HOLDING PATTERN

(i) Category-wise Share Holding

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 Corp.	704,999,994	6	705,000,000	100	305,005,628	60	305,005,688	50.795	(49.205)
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):	704,999,994	6	705,000,000	100	305,005,628	60	305,005,688	50.795	(49.205)
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp	–	–	–	–	292,202,312	–	292,202,312	48.663	48.663
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):	–	–	–	–	292,202,312	–	292,202,312	48.663	48.663
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	704,999,994	6	705,000,000	100	597,207,940	60	597,208,000	99.458	(0.542)
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	–	–	–	–	–	–	–	–	–
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	130,100	–	130,100	0.022	0.022
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	3,127,750	–	3,127,750	0.521	0.521
c) Others	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):	–	–	–	–	3,257,850	–	3,257,850	0.543	0.543
Total Public Shareholding (B) = (B)(1) + (B)(2)	–	–	–	–	3,257,850	–	3,257,850	0.543	0.543
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	704,999,994	6	705,000,000	100	600,465,790	60	600,465,850	100	–

(ii) Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change during the year
		No. of Shares	% of Total Shares	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares	% of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	705,000,000	100	–	–	–	–	(100)
2	Housing Development Finance Corporation Limited	–	–	–	305,005,688	50.795	–	50.795
3.	ERGO International AG	–	–	–	292,202,312	48.663	–	48.663
	Total	705,000,000	100	–	597,208,000	99.458	–	99.458

(iii) Change in Promoters' Shareholding

Sr. No		Shareholding		Cumulative Shareholding	
		No. of Shares	% of Total shares	No. of Shares	% of Total shares
1.	Name of Promoter: Larsen & Toubro Limited				
	At the beginning of the year	705,000,000	100.00		
	Date wise Increase in Shareholding during the year				
	Increase in Capital by Allotting Equity Shares on Rights Issue basis on April 30, 2016	14,000,000	1.99	719,000,000	100.00
	Increase in Capital by Allotting Equity Shares on Rights Issue basis on June 10, 2016	7,000,000	0.99	726,000,000	100.00
	Increase in Capital by Allotting Equity Shares on Rights Issue basis on June 30, 2016	4,000,000	0.57	730,000,000	100.00
	Increase in Capital by Allotting Equity Shares on Rights Issue basis on July 15, 2016	9,000,000	1.27	739,000,000	100.00
	Increase in Capital by Allotting Equity Shares on Rights Issue basis on July 31, 2016	8,000,000	1.13	747,000,000	100.00
	Increase in Capital by Allotting Equity Shares on Rights Issue basis on August 31, 2016	5,000,000	0.71	752,000,000	100.00
	As on September 8, 2016	752,000,000	100.00	752,000,000	100.00
2.	Name of Promoter: HDFC ERGO General Insurance Company Limited (Transferor Company)				
	Acquisition of Equity Shares from Larsen & Toubro Limited on September 9, 2016	752,000,000	100.00	752,000,000	100.00
	Increase in Capital by Allotting Equity Shares on Rights Issue basis on September 30, 2016	15,000,000	2.13	767,000,000	100.00
	As on December 31, 2016	767,000,000	100	767,000,000	100.00
3.	Name of Promoter: Housing Development Finance Corporation Limited – Indian Promoter				
	Allotment of Equity Shares upon merger	305,005,688	50.795	305,005,688	50.795
	At the end of the year	305,005,688	50.795	305,005,688	50.795
4.	Name of Promoter: ERGO International AG – Foreign Promoter				
	Allotment of Equity Shares upon merger	292,202,312	48.663	292,202,312	48.663
	At the end of the year	292,202,312	48.663	292,202,312	48.663

(iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and holders of GDRS and ADRS):

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date wise Increase/ Decrease		Cumulative Shareholding		Shareholding at the End of the year	
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1	Karan Chopra	—	—	—	—	—	—	322,500	0.054
2	Mehmood Mansoori	—	—	—	—	—	—	240,000	0.040
3	Subramanian Gopalakrishnan	—	—	—	—	—	—	218,750	0.036
4	Samir H. Shah	—	—	—	—	—	—	150,000	0.025
5	Hari Radhakrishnan	—	—	—	—	—	—	128,500	0.021
6	Kailashchandra Panda	—	—	—	—	—	—	127,500	0.021
7	Mukesh Kumar	—	—	—	—	—	—	123,500	0.021
8	Ankur Bahorey	—	—	—	—	—	—	115,000	0.019
9	Kapil Mhadgut	—	—	—	—	—	—	108,000	0.018
10	Mukesh G Sachdev	—	—	—	—	—	—	102,000	0.017

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name	Shareholding at the beginning of the year		Date wise Increase/ Decrease		Cumulative shareholding		Shareholding at the end of the year	
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1	Ritesh Kumar - MD & CEO	—	—	—	—	—	—	10,000	0.001
2	Mukesh Kumar - Executive Director	—	—	—	—	—	—	123,500	0.021
3	Anuj Tyagi - Executive Director	—	—	—	—	—	—	59,500	0.009
4	Samir H. Shah - Member of Executive Management & CFO	—	—	—	—	—	—	150,000	0.025

V. INDEBTEDNESS

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

(₹ in crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	—	—	—	—
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
i) Addition	—	350.00	—	350.00
ii) Reduction	—	—	—	—
Net Change		350.00	—	350.00
Indebtedness at the end of the financial year				
i) Principal Amount	—	350.00	—	350.00
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	10.15	—	10.15
Total (i+ii+iii)		360.15	—	360.15

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTOR AND/OR MANAGER:

(Amount in ₹)

Sr. No	Particulars of Remuneration	Name of MD/ WTD/ Manager				Total
		G.C. Rangan (CEO & Whole-time Director) (till September 9, 2016)	Ritesh Kumar (Managing Director and CEO) (w.e.f from January 1, 2017)	Mukesh Kumar (Executive Director) (w.e.f from January 1, 2017)	Anuj Tyagi (Executive Director) (w.e.f from January 1, 2017)	
1	Gross Salary					
(a)	Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	9,759,816	7,677,603	3,223,284	3,166,093	23,826,796
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	853,800	398,929	1,315,527	205,433	2,773,689
(c)	Profit in lieu of salary under Section 17(3) of the Income tax Act, 1961	—	—	—	—	—
2	Number of Stock Options granted during the year	—	—	—	—	—
3	Sweat Equity	—	—	—	—	—
4	Commission	—	—	—	—	—
	— As % of profit					
	— Others, specify	—	—	—	—	—
5	Others, please specify	—	—	—	—	—
	Total (A)	10,613,616	8,076,532	4,538,811	3,371,526	26,600,485
	Ceiling as per the Act	Refer Note 1				

In addition to the above, the Managing Director and CEO and Executive Directors received the following remuneration from the Transferor Company for the period from April 1, 2016 to December 31, 2016:

(Amount in ₹)

Sr. No	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total
		Ritesh Kumar (Managing Director and CEO)	Mukesh Kumar (Executive Director)	Anuj Tyagi (Executive Director)	
1	Gross Salary				
(a)	Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	31,762,791	12,735,963	12,498,780	56,997,534
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1,196,789	3,946,583	616,300	5,759,672
(c)	Profit in lieu of salary under Section 17(3) of the Income tax Act, 1961	—	—	—	—
2	Number of Stock Options granted during the year	—	—	—	—
3	Sweat Equity	—	—	—	—
4	Commission	—	—	—	—
	— As % of profit				
	— Others, specify	—	—	—	—
5	Others, please specify	—	—	—	—
	Total (A)	32,959,580	16,682,546	13,115,080	62,757,206

B. REMUNERATION TO OTHER DIRECTORS

(Amount in ₹)

Sr. No	Particulars of Remuneration	Name of Directors						Total
		Mukund Chitale (upto September 9, 2016)	Haris Ansari (upto September 9, 2016)	Bernhard Steinruecke (w.e.f. September 9, 2016)	Mehernosh B. Kapadia (w.e.f. September 9, 2016)	Jagdish Khattar (w.e.f. January 1, 2017)	Arvind Mahajan (w.e.f. January 1, 2017)	
1	Independent Directors							
	• Fee for attending Board/ Committee meetings	160,000	180,000	940,000*	1,140,000*	350,000	150,000	2,920,000
	• Commission	–	–	1,000,000	1,000,000	1,000,000	379,909	3,379,909
	• Others, please specify	–	–	–	–	–	–	–
	Total (1)	160,000	180,000	1,940,000	2,140,000	1,350,000	529,909	6,299,909

		Deepak S. Parekh (w.e.f. January 1, 2017)	Keki M. Mistry (w.e.f. January 1, 2017)	Renu Sud Karnad (w.e.f. January 1, 2017)				
2	Other Non - Executive Directors							
	• Fee for attending Board/ Committee meetings	150,000	350,000	300,000	–	–	–	800,000
	• Commission	–	–	–	–	–	–	–
	• Others, please specify	–	–	–	–	–	–	–
	Total (2)	150,000	350,000	300,000	–	–	–	800,000
	Total (B) = (1+2)	310,000	530,000	2,240,000	2,140,000	1,350,000	529,909	7,099,909
	Total remuneration to Non-executive Directors, excluding sitting Fee (Refer Note - 2)	–	–	–	–	–	–	3,379,909
	Ceiling as per the Act (Refer Note - 2)	–	–	–	–	–	–	12,440,940
	Total Managerial Remuneration	–	–	–	–	–	–	29,980,394
	Overall Ceiling as per the Act	Refer Note 1&2						

Note: * The sitting fees received from the Company from September 9, 2016 to March 31, 2017 and the Transferor Company for the period from January 1, 2017 to March 31, 2017 has been included.

In addition to the above, the Directors received the following amount from the Transferor Company for the period from April 1, 2016 to December 31, 2016:

(Amount in ₹)

Sr. No	Particulars of Remuneration	Name of Directors				Total
		Bernhard Steinruecke	Mehernosh B. Kapadia	Jagdish Khattar	Arvind Mahajan	
1.	Independent Directors					
	• Fee for attending Board/ Committee meetings	650,000	800,000	800,000	–	2,250,000
	• Commission	–	–	–	–	–
	• Others, please specify	–	–	–	–	–
	Total (1)	650,000	800,000	800,000	–	2,250,000

Sr. No	Particulars of Remuneration	Name of Directors				Total
		Deepak S. Parekh	Keki M. Mistry	Renu Sud Karnad		
2	Other Non – Executive Directors					
	• Fee for attending Board/ Committee meetings	300,000	850,000	750,000	–	1,900,000
	• Commission	–	–	–	–	–
	• Others, please specify	–	–	–	–	–
	Total (2)	300,000	850,000	750,000	–	1,900,000
	Total (A) = (1+2)	950,000	1,650,000	1,550,000	–	4,150,000

Note - 1: In terms of the provisions of Section 34A of the Insurance Act, 1938, the provisions relating to ceiling on managerial remuneration as prescribed under the Companies Act, shall not apply to any matter in respect of which the approval of IRDAI has been obtained. The appointment of the Managing Director and CEO and was approved by IRDAI.

Note - 2: In terms of the provisions of the Companies Act, remuneration payable to non-executive directors shall not exceed 1% of the net profits, excluding sitting fees.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in ₹)

Sr. No	Particulars of Remuneration	Key Managerial Personnel				Total
		V. Krishnamoorthy (CFO till Aug 16, 2016)	S. Sriram (Company Secretary till Sep 9, 2016)	Dayananda V. Shetty (Company Secretary) (w.e.f January 1, 2017)	Samir H. Shah (CFO) (w.e.f January 1, 2017)	
1	Gross salary	987,746	NIL#			987,746
(a)	Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	–	–	985,335	2,431,917	3,417,252
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	–	–	61,509	90,054	151,563
(c)	Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	–	–	–	–	–
2.	Number of Stock Options granted during the year	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–
4.	Commission	–	–	–	–	–
	– As % of profit	–	–	–	–	–
	– Others, specify...	–	–	–	–	–
5.	Others, please specify	–	–	–	–	–
	Total	987,746	NIL#	1,046,844	2,521,971	4,556,561

Mr. S. Sriram, Company Secretary drew remuneration from L&T Finance Holding Limited, erstwhile associate company and hence remuneration paid by the Company was nil.

@ Mr. Samir H. Shah and Mr. Dayananda V. Shetty were the Chief Financial Officer and Company Secretary respectively of the Company w.e.f September 9, 2016 on deputation from the Transferor Company.

In addition to the above, the above Key Managerial Personnel's received the following remuneration from the Transferor Company for the period from April 1, 2016 to December 31, 2016:

Sr. No	Particulars of Remuneration	Key Managerial Personnel		Total
		Dayananda V. Shetty (Company Secretary)	Samir H. Shah (CFO)	
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	4,133,205	10,545,784	14,678,989
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	184,527	270,161	454,688
(c)	Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	–	–	–
2.	Number of Stock Options granted during the year	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	– As % of profit	–	–	–
	– Others, specify...	–	–	–
5.	Others, please specify	–	–	–
	Total	4,317,732	10,815,945	15,133,677

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of any Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ Court]	Appeal made, if any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers in default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Secretarial Audit Report for the Financial Year ended 31st March, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

HDFC General Insurance Limited

(Formerly known as L&T General Insurance Company Limited)

CIN: U66030MH2007PLC177117

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HDFC General Insurance Limited** (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2017** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 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. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;#
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) :-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;#
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; to the extent applicable.
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;#
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;#
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;#
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;# and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;#

The Regulations or Guidelines, as the case may be were not applicable for the period under review.

The list of Acts, Laws and Regulations specifically applicable to the Company are given below:

- vi. The Insurance Act, 1938, as amended; and
- vii. The Insurance Regulatory and Development Authority Act, 1999, as amended and Regulations framed thereunder and as amended from time to time.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.#

Not applicable for the period under review.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations,

Guidelines, Standards, etc. mentioned above. The vacancy of woman director caused due to resignation on September 9, 2016 was filled up by the Board on March 31, 2017 in terms of Section 149(1) of the Companies Act, 2013.

We further report that –

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive 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 except as stated above.

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.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has undertaken following events/actions –

- i. Company has been acquired by HDFC ERGO General Insurance Company Limited (“Acquirer”) from Larsen & Toubro Limited (“Seller”). Share Purchase and Sale Agreement was signed between the Company, the Seller and the Acquirer on June 3, 2016. Subsequently, the Company has become the wholly owned subsidiary of HDFC ERGO General Insurance Company Limited.
- ii. Board of Directors of the Company at its meeting held on July 27, 2016 has accorded its approval to issue 20,000,000 Equity Shares of face value of ₹ 10/- each by way of Rights Issue, for cash, at par, aggregating to ₹ 200,000,000 in one or more tranches to the existing equity shareholders.

- iii. Members’ approval has been accorded at the Extra Ordinary General Meeting held on September 09, 2016, pursuant to Section 13 of the Companies Act, 2013 for change of name from L & T General Insurance Company Limited to HDFC General Insurance Limited and Central Government vide its power delegated to Register of Companies (ROC) has subsequently approved the change of name and issued Certificate of Incorporation pursuant to change of name on September 14, 2016.
- iv. Members’ approval has been accorded at the Extra Ordinary General Meeting held on September 16, 2016 pursuant to Sections 100 to 103 of the Companies Act, 1956 for reduction and re-organization of the Equity Share capital of the Company from ₹ 7,520,000,000 fully paid up equity shares of face value of ₹ 10/- each to a sum of ₹ 5,450,000,000 fully paid up equity shares of face value of ₹ 10/- each by cancelling 207,000,000 equity shares of ₹ 10/- each.
- v. Board of Directors of the Company at its meeting held on September 16, 2016 has approved the Merger/Amalgamation of the Company with HDFC ERGO General Insurance Company Limited. Further pursuant to provisions of the Companies Act, 2013 and the National Company Law Tribunal (“NCLT”) order dated January 20, 2017 Shareholders of the Company at NCLT Convened Meeting held on March 29, 2017 have approved the Scheme of Arrangement between the Company and HDFC ERGO General Insurance Company Limited and their respective Shareholders and Creditors.

For **BHANDARI & ASSOCIATES**
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761
CP. No: 366

MUMBAI
April 26, 2017

This report is to be read with our letter of even date which is annexed as Annexure ‘A’ and forms an integral part of this report.



Annexure 'A'

To,

The Members,

HDFC General Insurance Limited

(Formerly known as L&T General Insurance Company Limited)

CIN: U66030MH2007PLC177117

Our Secretarial Audit Report for the Financial Year ended on March 31, 2017 of even date is to be read along with this letter.

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

For **BHANDARI & ASSOCIATES**
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761
CP. No: 366

MUMBAI
April 26, 2017

Independent Auditors' Report

TO THE MEMBERS OF HDFC ERGO GENERAL INSURANCE COMPANY LIMITED

(Formerly known as HDFC General Insurance Limited which was earlier known as L& T General Insurance Company Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of **HDFC ERGO GENERAL INSURANCE COMPANY LIMITED** (formerly known as HDFC General Insurance Limited which was earlier known as L&T General Insurance Company Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account for the year then ended, and a summary of the significant accounting policies and other explanatory information. These financial statements have been prepared considering the emanating scenario in relation to the Scheme of Arrangement as explained in the Schedule 16 note no. 3 to the enclosed financial statements. The National Company Law Tribunal, Mumbai Bench ("the NCLT") and Insurance Regulatory and Development Authority of India ("the IRDAI") approved the Scheme of Arrangement vide their order dated July 12, 2017 and August 14, 2017 respectively. Prior to the preparation of these financial statements, the Board of Directors of the Company in their meeting held on April 26, 2017 had prepared an earlier financial statements and on which we had issued our report dated April 26, 2017 thereon. Since the said earlier financial statements adopted by the Board of Directors on April 26, 2017 were yet to be adopted by the shareholders of the Company, the Board of Directors have now modified the financial statements to give effect to the orders of NCLT and the final approval of IRDAI and have now approved these financial statements at their meeting held on August 18, 2017 and we have been called upon to issue our Audit Report on such financial statements and also a report on the effectiveness of internal control over financial reporting.

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 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Receipt and Payment of the Company in accordance with the accounting principles generally accepted in India, including the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment)

Act, 2015 ("the Insurance Act") read with Insurance Regulatory and Development Authority of India circular IRDAI/F&A/CIR/CPM/056/03/2016 dated April 4, 2016 and IRDAI/F&A/CIR/CPM/010/01/2017 dated January 12, 2017, the Insurance Regulatory and Development Authority Act, 1999 ("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"), orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI") in this regard and the Accounting Standards specified under Section 133 of the Act, to the extent applicable. This responsibility also includes maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the Insurance Act, the IRDA Act, the IRDA Financial Statements Regulations, orders/directions issued by the IRDAI, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

Independent Auditors' Report (Continued)

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

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

Opinion

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, the IRDA Act, the IRDA Financial Statements Regulations, the orders/directions issued by the IRDAI and the Act to the extent applicable in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, as applicable to the Insurance Companies:

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- ii. in the case of the Revenue Accounts, of the operating loss in so far as it relates to the Fire Revenue Account and Marine Revenue Account and the operating profit in so far as it relates to the Miscellaneous Revenue Account for the year ended March 31, 2017;
- iii. in the case of the Profit and Loss Account, of the profit for the year ended March 31, 2017; and
- iv. in the case of the Receipts and Payments Account, of the receipts and payments for the year ended March 31, 2017.

Other Matter

The estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), included under Claims Outstanding as at March 31, 2017

has been duly certified by the Company's Appointed Actuary, and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the financial statements of the Company.

The Financial Statements of the Company for the previous year ended March 31, 2016 were audited by the other joint auditors of the Company, and have expressed an unmodified opinion dated April 21, 2016 on such financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the IRDA Financial Statements Regulations, we have issued a separate certificate dated April 26, 2017 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDAI Financial Statements Regulations.
2. As required by the IRDA Financial Statements Regulations, read with 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 the audit and have found them to be satisfactory.
 - (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 Company's financial accounting system is centralized, no returns for the purposes of our audit are prepared at the branches of the Company.
 - (d) The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account dealt with by this report are in agreement with the books of account.
 - (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent not inconsistent with the accounting principles prescribed in the IRDA Financial Statements Regulations and orders/ directions issued by the IRDAI in this regard.

Independent Auditors' Report (Continued)

- (f) In our opinion and to the best of our information and according to the explanations given to us, investments have been valued in accordance with the provisions of the Insurance Act, the IRDA Financial Statements Regulations and/or orders/directions issued by the IRDAI in this regard.
- (g) In our opinion, 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 and with the accounting principles as prescribed in the IRDA Financial Statements Regulations and orders/directions issued by the IRDAI in this regard.
- (h) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- (i) 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (j) 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 Schedule 16 Note 4 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The Company was not required to deposit or pay any dues in respect of the Investor Education and Protection Fund during the year.
 - iv. The disclosure requirement as envisaged in Notification G.S.R 308(E) dated March 30, 2017 is not applicable to the Company- refer Schedule 16 Note 38 to the Financial Statements.

For B. K. KHARE & CO.

Chartered Accountants
Firm's Registration No.: 105102W

Padmini Khare Kaicker

Partner
Membership No.: 044784

For G. M. KAPADIA & CO.

Chartered Accountants
Firm's Registration No.: 104767W

Rajen Ashar

Partner
Membership No. 048243

Place: Mumbai
Dated: August 18, 2017

Annexure “A” to the Independent Auditors’ Report

(Referred to in paragraph 2(i) 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 (the “Act”)

We have audited the internal financial controls over financial reporting of **HDFC ERGO GENERAL INSURANCE COMPANY LIMITED** (formerly known as HDFC General Insurance Limited which was earlier known as L&T General Insurance Company Limited) (“the Company”), as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

The estimate of claims Incurred But Not Reported (“IBNR”) and claims Incurred But Not Enough Reported (“IBNER”), included under Claims Outstanding as at March 31, 2017 has been duly certified by the Company’s Appointed Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor’s Report of Insurance Companies) Regulations, 2002 (the “IRDA Financial Statements Regulations”), and has been relied upon by us, as mentioned in “Other Matter” paragraph of our audit report on the financial statements of the Company as at and for the year ended March 31, 2017. In view of this, we did not perform any procedures relating to internal financial controls over financial reporting in respect of the valuation and accuracy of the actuarial valuation of estimate of claims IBNR and claims IBNER.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (the “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 Act including the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 (the “Insurance Act”) read with Insurance Regulatory and Development Authority of India circular IRDAI/F&A/CIR/CPM/056/03/2016 dated April 4, 2016 and IRDAI/F&A/CIR/CPM/010/01/2017 dated January 12, 2017, the Insurance Regulatory and Development Authority Act, 1999 (the “IRDA Act”), the IRDA Financial Statements Regulations, orders/directions issued by the Insurance Regulatory and Development Authority of India (the “IRDAI”) in this regard.

Auditor’s Responsibility

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

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

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

Annexure “A” to the Independent Auditors’ Report (Continued)

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 2017, 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 **B. K. KHARE & CO.**

Chartered Accountants
Firm’s Registration No.: 105102W

Padmini Khare Kaicker

Partner
Membership No.: 044784

For **G. M. KAPADIA & CO.**

Chartered Accountants
Firm’s Registration No.: 104767W

Rajen Ashar

Partner
Membership No. 048243

Place: Mumbai
Dated: August 18, 2017



Independent Auditors' Certificate

(Referred to in paragraph 1 of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditor's Report dated August 18, 2017)

This certificate is issued to **HDFC ERGO GENERAL INSURANCE COMPANY LIMITED** (formerly known as HDFC General Insurance Limited which was earlier known as L&T General Insurance Company Limited) ("the Company"), to comply with the provisions of paragraphs 3 and 4 of Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations") read with Regulation 3 of the IRDA Financial Statements Regulations.

The Company's Management is responsible for complying with the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 (the "Insurance Act") read with Insurance Regulatory and Development Authority of India circular IRDAI/F&A/CIR/CPM/056/03/2016 dated April 4, 2016 and IRDAI/F&A/CIR/CPM/010/01/2017 dated January 12, 2017, the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act") the IRDA Financial Statements Regulations, 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.

Our responsibility, for the purpose of this certificate, is limited to certifying matters contained in paragraphs 3 and 4 of Schedule C of the IRDA Financial Statements Regulations. We 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.

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 the Company for the year ended March 31, 2017, we certify that:

1. We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2017, and on the basis of our review, there is no apparent mistake or material inconsistencies with the financial statements;
2. Based on the Management representations and compliance certificates submitted to the Board of Directors by the officers of the Company charged with compliance and the same being noted by the Board, we certify that the Company has complied with the terms and conditions of registration stipulated by the IRDAI;
3. We have verified the cash balances, to the extent considered necessary, and securities relating to the Company's investments as at March 31, 2017, by actual inspection or on the basis of certificates/confirmations received from the Custodian and/or Depository Participants appointed by the Company, as the case may be;
4. The Company is not a trustee of any trust; and
5. No part of the assets of the Policyholders' Funds has been directly or indirectly applied in contravention to the provisions of the Insurance Act, relating to the application and investments of the Policyholders' Funds.

For **B. K. KHARE & CO.**
Chartered Accountants
Firm's Registration No.: 105102W

For **G. M. KAPADIA & CO.**
Chartered Accountants
Firm's Registration No.: 104767W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Rajen Ashar
Partner
Membership No. 048243

Place: Mumbai
Dated: August 18, 2017



FORM B - BS

IRDAI Registration No: 146

Date of Registration with the IRDAI: July 09, 2010

Balance Sheet as at March 31, 2017

Particulars	Schedule	As at March 31, 2017 (₹ '000)	As at March 31, 2016 (₹ '000)
SOURCES OF FUNDS			
SHARE CAPITAL	5	6,004,659	7,050,000
RESERVES AND SURPLUS	6	8,843,730	—
FAIR VALUE CHANGE ACCOUNT - SHAREHOLDERS		133,927	575
FAIR VALUE CHANGE ACCOUNT - POLICY HOLDERS		375,349	2,498
BORROWINGS	7	3,500,000	—
DEFERRED TAX LIABILITY		—	—
(Refer note 15 of Schedule 16)			
TOTAL		18,857,665	7,053,073
APPLICATION OF FUNDS			
INVESTMENTS - SHAREHOLDERS	8	18,230,354	1,113,719
INVESTMENTS - POLICYHOLDERS	8A	51,092,887	4,837,373
LOANS	9	—	—
FIXED ASSETS	10	1,488,386	144,133
CURRENT ASSETS			
Cash and Bank Balances	11	2,019,989	241,330
Advances and Other Assets	12	15,004,521	890,134
Sub-Total (A)		17,024,510	1,131,464
CURRENT LIABILITIES	13	50,703,070	3,529,496
PROVISIONS	14	18,275,402	2,274,261
Sub-Total (B)		68,978,472	5,803,757
NET CURRENT ASSETS/(LIABILITIES) (C) = (A-B)		(51,953,962)	(4,672,293)
MISCELLANEOUS EXPENDITURE	15	—	—
(to the extent not written off or adjusted)			
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		—	5,630,141
TOTAL		18,857,665	7,053,073
NOTES TO ACCOUNTS	16		

Schedules referred to above and the notes to accounts form an integral part of the Balance Sheet

Signature to the Balance Sheet Schedules 1 to 16

In terms of our report attached

B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No.: 104767W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Rajen Ashar
Partner
Membership No.: 048243

Mumbai,
Dated: August 18, 2017

For and on behalf of the Board of Directors

Deepak S. Parekh Ritesh Kumar
Chairman Managing Director & CEO
(DIN : 00009078) (DIN: 02213019)

Mukesh Kumar Samir H. Shah
Executive Director Member of Executive Management & CFO
(DIN: 06864359) Membership No.: FCA 045476

Anuj Tyagi Dayananda V. Shetty
Executive Director Company Secretary
(DIN : 07505313) Membership No.: FCS 4638

Directors

Keki M. Mistry
(DIN : 00008886)

Independent Directors

Dr. Jagdish Khattar
(DIN : 00013496)

Mehernosh B. Kapadia
(DIN:00046612)

Arvind Mahajan
(DIN : 07553144)



FORM B - PL

IRDAI Registration No: 146

Date of Registration with the IRDAI: July 09, 2010

Profit and Loss Account for the year ended March 31, 2017

Particulars	Schedule	For the year ended March 31, 2017 (₹ '000)	For the year ended March 31, 2016 (₹ '000)
OPERATING PROFIT/(LOSS)			
Fire Insurance		(77,748)	(57,738)
Marine Insurance		(12,441)	(41,463)
Miscellaneous Insurance		<u>909,581</u>	<u>(1,041,618)</u>
		<u>819,392</u>	<u>(1,140,819)</u>
INCOME FROM INVESTMENTS			
Interest, Dividend and Rent – Gross		443,559	121,021
Profit on sale of investments		162,226	12,968
Less: Loss on sale of investments		—	—
Accretion/(Amortisation) of Debt Securities		(6,613)	—
Profit on sale of Fixed Assets		—	221
		<u>599,172</u>	<u>134,210</u>
OTHER INCOME			
		—	129
TOTAL (A)		<u>1,418,564</u>	<u>(1,006,480)</u>
PROVISIONS (OTHER THAN TAXATION)			
For diminution in the value of investments		—	—
For doubtful debts		<u>94,491</u>	<u>8,063</u>
		<u>94,491</u>	<u>8,063</u>
OTHER EXPENSES			
Expenses other than those related to insurance business			
Employees' related remuneration and welfare benefits (Refer note 11 of Schedule 16)		12,014	614
Corporate Social Responsibility Expenses (Refer note 32 of Schedule 16)		13,791	—
Bad debts written off		—	—
Remuneration to directors and others		3,380	—
Amalgamation Expenses		10,562	—
Interest on Debentures		65,633	—
Expenses transferred from Policy holders' Account		3,169	—
Penalty (Refer note 35 of Schedule 16)		<u>1,500</u>	<u>5,000</u>
TOTAL (B)		<u>204,540</u>	<u>13,677</u>
PROFIT/(LOSS) BEFORE TAX		<u>1,214,024</u>	<u>(1,020,157)</u>
Provision for Taxation			
- Current Tax / Minimum Alternate Tax (MAT)		16,593	—
- Deferred Tax (Refer note 15 of Schedule 16)		<u>(46,663)</u>	<u>—</u>
PROFIT/(LOSS) AFTER TAX		<u>1,244,094</u>	<u>(1,020,157)</u>
APPROPRIATIONS			
Interim dividends paid during the year		—	—
Proposed final dividend		—	—
Dividend distribution tax		—	—
Transfer to any Reserves or Other Accounts		—	—
Transfer to Debenture Redemption Reserve (Refer Note 37 of Schedule 16)		97,200	—
Transfer to Contingency Reserve for Unexpired Risks		—	—
Balance of Profit/(Loss) brought forward from previous year		<u>(5,630,141)</u>	<u>(4,609,984)</u>
BALANCE CARRIED FORWARD TO BALANCE SHEET		<u>(4,483,247)</u>	<u>(5,630,141)</u>
EARNINGS PER SHARE (Basic) (in ₹)		<u>2.07</u>	<u>(1.59)</u>
EARNINGS PER SHARE (Diluted) (in ₹)		<u>2.06</u>	<u>(1.59)</u>
(Face Value ₹ 10 per share) (Refer Note 25 of Schedule 16)			

16

Schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account

Signature to the Profit and Loss Account Schedules 1 to 16

In terms of our report attached

For and on behalf of the Board of Directors

Directors

Independent Directors

B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No.: 104767W

Deepak S. Parekh
Chairman
(DIN : 00009078)

Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)

Keki M. Mistry
(DIN : 00008886)

Dr. Jagdish Khattar
(DIN : 00013496)

Padmini Khare Kaicker
Partner
Membership No.: 044784

Rajen Ashar
Partner
Membership No.: 048243

Mukesh Kumar
Executive Director
(DIN: 06864359)

Samir H. Shah
Member of Executive Management & CFO
Membership No.: FCA 045476

Mehernosh B. Kapadia
(DIN:00046612)

Mumbai,
Dated: August 18, 2017

Anuj Tyagi
Executive Director
(DIN : 07505313)

Dayananda V. Shetty
Company Secretary
Membership No.: FCS 4638

Arvind Mahajan
(DIN : 07553144)



IRDAI Registration No: 146
Date of Registration with the IRDAI: July 09, 2010

Receipts and Payments Account for the year ended March 31, 2017

Particulars	Schedule	For the year ended March 31, 2017 (₹ '000)	For the year ended March 31, 2016 (₹ '000)
Cash flows from operating activities			
Premium received from policyholders, including advance receipts		22,480,790	4,834,105
Other receipts		—	129
Payments to re-insurers, net of commission and claims		(1,510,513)	(532,401)
Payments to co-insurers, net of claims recovery		957,093	150,515
Payments of claims		(10,590,107)	(2,136,787)
Payments of commission and brokerage		(992,655)	(189,121)
Payments of other operating expenses		(4,740,834)	(1,875,705)
Deposits, advances and staff loans		117,423	144,225
Income taxes paid (Net)		(20,150)	—
Service tax paid		(1,522,442)	(370,205)
Net cash flow from operating activities (A)		4,178,605	24,755
Cash flows from investing activities			
Purchase of fixed assets		(198,015)	(33,186)
Proceeds from sale of fixed assets		3,347	221
Purchase of investments		(19,774,977)	(2,207,355)
Sale of investments		13,839,291	1,108,772
Rent/Interest/Dividend received		1,552,577	408,660
Investments in money market instruments and in liquid mutual funds (Net)		(66,968)	(147,021)
Net cash used in investing activities (B)		(4,644,745)	(869,909)
Cash flows from financing activities			
Proceeds from issuance of share capital and share premium		620,000	850,000
Proceeds from borrowing		—	—
Repayments of borrowing		—	—
Interest		—	—
Dividend paid (Including dividend distribution tax)		—	—
Net cash flow from financing activities (C)		620,000	850,000
Effect of foreign exchange rates on cash and cash equivalents (Net) (D)		228	—
Net increase in cash and cash equivalents (A + B + C + D)		154,088	4,846
Cash and cash equivalents at the beginning of the year		241,330	236,484
Cash and cash equivalents on Merger (Refer note 3 of schedule 16)		1,532,171	—
Cash and cash equivalents at the end of the year		1,927,589	241,330
Net increase in cash and cash equivalents		154,088	4,846
Reconciliation of Cash and cash equivalents with the Balance Sheet:			
Cash and Bank balances		2,019,989	241,330
Less: Deposit Accounts not considered as Cash and cash equivalents as defined in AS-3 "Cash Flow Statements"		(92,400)	—
Cash and cash equivalents at the end of the year		1,927,589	241,330

NOTES TO ACCOUNTS

16

Refer Schedule 11 for components of cash and bank balances

Signature to the Receipts and Payments Accounts Schedules 1 to 16

In terms of our report attached

B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No.: 104767W

For and on behalf of the Board of Directors

Deepak S. Parekh Chairman
(DIN : 00009078)

Ritesh Kumar Managing Director & CEO
(DIN: 02213019)

Directors

Keki M. Mistry
(DIN : 00008886)

Independent Directors

Dr. Jagdish Khattar
(DIN : 00013496)

Padmini Khare Kaicker
Partner
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Executive Director
(DIN: 06864359)

Samir H. Shah
Member of Executive Management & CFO
Membership No.: FCA 045476

Mehernosh B. Kapadia
(DIN:00046612)

Mumbai,
Dated: August 18, 2017

Anuj Tyagi
Executive Director
(DIN : 07505313)

Dayananda V. Shetty
Company Secretary
Membership No.: FCS 4638

Arvind Mahajan
(DIN : 07553144)



FORM B - RA

IRDAI Registration No: 146

Date of Registration with the IRDAI: July 09, 2010

Revenue Accounts for the year ended March 31, 2017

(₹ '000)

Sr. No.	Particulars	Schedule	FIRE INSURANCE		MARINE INSURANCE		MISCELLANEOUS INSURANCE		TOTAL	
			Year Ended March 31, 2017	Year Ended March 31, 2016	Year Ended March 31, 2017	Year Ended March 31, 2016	Year Ended March 31, 2017	Year Ended March 31, 2016	Year Ended March 31, 2017	Year Ended March 31, 2016
1	Premiums Earned (Net)	1	252,370	76,131	197,280	58,833	9,441,370	2,843,367	9,891,020	2,978,331
2	Profit/Loss on Sale/Redemption of Investments (Net)		26,960	3,961	7,400	955	434,689	26,290	469,049	31,206
3	Accretion/(Amortisation) of Debt Securities		(1,099)	-	(302)	-	(17,720)	-	(19,121)	-
4	Others:									
	Investment Income from Terrorism Pool		13,784	11,089	-	-	2,432	2,699	16,216	13,788
	Miscellaneous Income/Liabilities written back		129	-	101	-	4,859	-	5,089	-
5	Interest, Dividend and Rent - Gross		73,714	36,965	20,234	8,911	1,188,533	245,353	1,282,481	291,229
	TOTAL (A)		365,858	128,146	224,713	68,699	11,054,163	3,117,709	11,644,734	3,314,554
1	Claims Incurred (Net)	2	149,762	141,273	144,723	50,863	7,433,489	2,034,384	7,697,974	2,226,520
2	Commission (Net)	3	(59,271)	(9,232)	6,253	9,905	(1,471,125)	91,054	(1,524,143)	91,727
3	Operating Expenses Related to Insurance Business	4	383,115	53,843	86,178	49,394	4,182,218	2,033,889	4,651,511	2,137,126
4	Premium Deficiency	-	-	-	-	-	-	-	-	-
	TOTAL (B)		443,606	185,884	237,154	110,162	10,144,582	4,159,327	10,825,342	4,455,373
	Operating Profit/(Loss) (A-B)		(77,748)	(57,738)	(12,441)	(41,463)	909,581	(1,041,618)	819,392	(1,140,819)
	APPROPRIATIONS									
	Transfer to Shareholders' Account		(77,748)	(57,738)	(12,441)	(41,463)	909,581	(1,041,618)	819,392	(1,140,819)
	Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
	Transfer to Other Reserves		-	-	-	-	-	-	-	-
	TOTAL (C)		(77,748)	(57,738)	(12,441)	(41,463)	909,581	(1,041,618)	819,392	(1,140,819)

Schedules referred to above and the notes to accounts form an integral part of the Revenue Accounts

Signature to the Revenue Accounts Schedules 1 to 16

In terms of our report attached

For and on behalf of the Board of Directors

Directors

Independent Directors

B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Mumbai,
Dated: August 18, 2017

Deepak S. Parekh
Chairman
(DIN: 00009078)

Mukesh Kumar
Executive Director
(DIN: 06864359)

Anuj Tyagi
Executive Director
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Dr. Jagdish Khattar
(DIN: 00013496)

Mehernosh B. Kapadia
(DIN: 00046612)

Arvind Mahajan
(DIN: 07553144)

Schedules

Annexed to and forming part of the Revenue Accounts

SCHEDULE - 1

PREMIUM EARNED (NET)

(₹ '000)

Particulars	For the Year ended March 31, 2017					For the Year ended March 31, 2016					Total				
	Fire		Marine			* Miscellaneous	Total	Fire		Marine			** Miscellaneous	Total	
	Motor-OD	Motor/TP	Motor/OD	Motor/TP	Motor/Declined Risk Pool			Motor Total	Marine Hull	Marine Cargo		Marine Hull			Marine Total
Premium from direct business written-net of Service tax	4,251,344	3,000,940	-	7,252,284	-	20,243,128	22,241,664	600,861	144,849	-	144,849	3,988,203	4,733,913		
Add: Premium on Re-insurance accepted	-	-	8,945	8,945	-	81,023	282,390	73,926	75	-	75	17,698	94,699		
Less: Premium on Re-insurance ceded	(1,110,853)	(766,534)	-	(1,877,387)	(2,997)	(10,770,212)	(12,532,702)	(582,928)	(60,652)	-	(60,652)	(535,932)	(1,179,512)		
Net Premium	3,140,491	2,234,406	8,945	5,383,842	45,876	9,553,939	9,991,352	91,859	84,272	-	84,272	3,469,969	3,646,100		
Add/(Less): Adjustment for changes in reserve for unexpired risks	(81,939)	(93,870)	306	94,176	(100,332)	(112,569)	(100,332)	(15,728)	(25,439)	-	(25,439)	(626,602)	(667,769)		
Total Premium Earned (Net)	2,958,552	2,140,536	9,251	5,478,014	(55,456)	9,441,370	9,891,020	76,131	58,833	-	58,833	2,843,367	2,976,331		

(₹ '000)

* Miscellaneous Premium Breakup for the year ended March 31, 2017

Particulars	Miscellaneous										Total Miscellaneous					
	Motor			Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance		Others				
	Motor-OD	Motor/TP	Motor/Declined Risk Pool									Other Liability	Home	Specialty	Weather/Crop	Others
Premium from direct business written-net of Service tax	3,400,940	3,000,940	-	7,252,284	8,866	14,244	420,117	50,948	1,266,202	2,495,992	95,962	7,888	91,950	8,181,574	318,228	20,243,128
Add: Premium on Re-insurance accepted	-	-	8,945	8,945	-	-	50,944	17,702	159	-	-	-	1,382	-	1,891	81,023
Less: Premium on Re-insurance ceded	(1,110,853)	(766,534)	-	(1,877,387)	(2,997)	(13,075)	(397,911)	(63,116)	(385,282)	(1,027,331)	(76,081)	(2,685)	(62,637)	(6,668,035)	(193,874)	(10,770,212)
Net Premium	3,140,491	2,234,406	8,945	5,383,842	45,876	1,169	73,150	5,334	871,079	1,468,661	19,881	5,203	30,695	1,513,539	126,245	9,553,939
Add/(Less): Adjustment for changes in reserve for unexpired risks	(103,437)	(127,328)	-	(23,891)	20,643	(1,485)	24,229	(43,190)	(86,078)	(18,349)	(13,773)	(2,120)	15,016	(738)	(440)	(112,569)
Total Premium Earned (Net)	2,937,054	2,107,078	8,945	5,359,951	66,519	1,230	97,379	(37,856)	775,001	1,450,312	33,654	3,083	45,711	1,512,801	125,805	9,441,370

(₹ '000)

** Miscellaneous Premium Breakup for the year ended March 31, 2016

Particulars	Miscellaneous										Total Miscellaneous				
	Motor			Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance		Others			
	Motor-OD	Motor/TP	Motor/Declined Risk Pool									Other Liability	Home	Specialty	Weather/Crop
Premium from direct business written-net of Service tax	2,025,709	993,734	-	3,019,443	15,165	-	193,071	-	28,083	655,606	-	-	-	29,853	3,988,203
Add: Premium on Re-insurance accepted	880	-	-	880	-	-	16,808	-	-	-	-	-	-	-	17,698
Less: Premium on Re-insurance ceded	(137,499)	(112,804)	-	(250,303)	(3,949)	-	(170,185)	-	(4,857)	(86,123)	-	-	-	(17,016)	(635,932)
Net Premium	1,889,100	880,930	-	2,770,030	11,216	-	39,694	-	23,226	569,483	-	-	-	12,837	3,469,969
Add/(Less): Adjustment for changes in reserve for unexpired risks	(356,013)	(179,404)	-	(535,417)	(3,444)	-	11,500	-	(5,266)	(83,471)	-	-	-	627	(626,602)
Total Premium Earned (Net)	1,533,087	701,526	-	2,234,613	7,772	-	51,194	-	17,960	476,012	-	-	-	13,464	2,843,367

Schedules

Annexed to and forming part of the Revenue Accounts

SCHEDULE - 2

CLAIMS INCURRED (NET)

(₹ '000)

Particulars	For the Year ended March 31, 2017					For the Year ended March 31, 2016				
	Fire	Marine			Total	Fire	Marine			Total
		Marine Cargo	Marine Hull	Marine Total			Marine Cargo	Marine Hull	Marine Total	
Claims paid direct	1,168,597	316,085	2,318	318,413	8,976,106	10,463,116	286,441	108,889	1,790,516	2,185,846
Add: Claims on Re-insurance accepted	31,912	13,689	-	13,689	62,263	107,874	235,658	7	8,261	243,926
Less: Claims on Re-insurance ceded	(990,470)	(125,044)	(2,140)	(127,184)	(3,554,388)	(4,672,042)	(457,209)	(47,844)	(361,221)	(866,274)
Net Claims paid	210,039	204,750	178	204,928	5,483,981	5,896,948	64,890	61,052	1,437,556	1,563,498
Add: Claims Outstanding at the end of the year	674,091	533,436	5,103	538,539	22,904,376	24,117,006	158,986	38,997	2,658,424	2,856,407
Less: Claims Outstanding on account of Merger as on January 1, 2017	(605,382)	(555,078)	(4,669)	(559,747)	(18,296,445)	(19,461,574)	-	-	-	-
Less: Claims Outstanding at the beginning of the year	(158,986)	(38,997)	-	(38,997)	(2,658,423)	(2,856,406)	(82,603)	(49,186)	(2,061,596)	(2,193,385)
Total Claims Incurred (Net)	119,762	144,111	612	144,723	7,433,489	7,697,974	141,273	50,863	2,034,384	2,226,520

* Miscellaneous Claims Incurred (Net) Breakup for the year ended March 31, 2017

(₹ '000)

Particulars	Miscellaneous																
	Motor				Public Liability			Others			Total Miscellaneous						
	Motor/OD	Motor/TP	Motor/ Declined Risk Pool	Motor Total	Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident		Health Insurance	Other Liability	Home	Specialty	Weather/Crop	Others
Claims paid direct	2,862,314	1,420,711	-	4,303,025	16,658	361	247	209,476	52	393,295	1,176,466	190,767	2,005	91,161	2,485,059	197,534	8,976,106
Add: Claims on Re-insurance accepted	-	-	13,418	13,418	-	-	-	3,339	44,310	-	1,196	-	-	-	-	-	62,263
Less: Claims on Re-insurance ceded	(583,864)	(222,490)	-	(806,354)	(841)	(290)	(242)	(132,134)	(1,204)	(58,909)	(270,231)	(190,626)	(123)	(90,906)	(1,900,901)	(104,625)	(3,554,388)
Net Claims paid	2,298,450	1,198,221	13,418	3,510,089	15,817	71	5	80,681	43,158	244,386	907,431	139	1,882	255	584,158	95,909	5,483,981
Add: Claims Outstanding at the end of the year	1,073,103	1,658,418	-	17,671,521	1,26,461	8,496	15,291	210,854	113,997	463,957	893,882	81,018	6,870	94,860	3,035,156	192,053	22,904,376
Less: Claims Outstanding on account of Merger as on January 1, 2017	(759,650)	(13,101,966)	-	(13,861,616)	(88,367)	(8,222)	(6,352)	(154,420)	(65,813)	(566,534)	(912,345)	(61,612)	(10,365)	(120,311)	(2,144,745)	(295,723)	(18,296,445)
Less: Claims Outstanding at the beginning of the year	(222,176)	(2,211,012)	(16,070)	(2,449,258)	(8,337)	(466)	-	(77,382)	-	(25,540)	(72,324)	-	-	-	-	(25,116)	(2,658,423)
Total Claims Incurred (Net)	2,369,727	2,483,641	(2,652)	4,870,716	45,564	(121)	8,904	59,733	91,342	106,269	816,654	19,545	(16,13)	(25,196)	1,474,569	(32,877)	7,433,489

** Miscellaneous Claims Incurred (Net) Breakup for the year ended March 31, 2016

(₹ '000)

Particulars	Miscellaneous																
	Motor				Public Liability			Others			Total Miscellaneous						
	Motor/OD	Motor/TP	Motor/ Declined Risk Pool	Motor Total	Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident		Health Insurance	Other Liability	Home	Specialty	Weather/Crop	Others
Claims paid direct	1,108,045	223,901	-	1,331,946	20,465	157	-	126,394	-	31,392	265,782	-	-	-	-	14,380	1,790,516
Add: Claims on Re-insurance accepted	97	-	-	97	-	-	-	-	-	-	8,164	-	-	-	-	-	8,261
Less: Claims on Re-insurance ceded	(161,483)	(104,642)	-	(266,125)	(1,055)	(8)	-	(67,526)	-	(1,720)	(21,107)	-	-	-	-	(3,678)	(861,221)
Net Claims paid	946,659	119,259	-	1,065,918	19,410	149	-	58,866	-	29,672	252,839	-	-	-	-	10,702	1,437,556
Add: Claims Outstanding at the end of the year	222,177	2,211,012	16,070	2,449,259	8,337	466	-	77,383	-	25,540	72,325	-	-	-	-	25,114	2,658,424
Less: Claims Outstanding at the beginning of the year	(172,272)	(1,639,843)	-	(1,812,115)	(21,666)	(953)	-	(66,181)	-	(32,823)	(89,206)	-	-	-	-	(18,652)	(2,061,596)
Total Claims Incurred (Net)	996,564	690,428	16,070	1,703,062	6,081	(338)	-	50,068	-	22,389	235,958	-	-	-	-	37,164	2,034,384

Schedules

Annexed to and forming part of the Revenue Accounts

SCHEDULE - 3 COMMISSION (NET)

(₹ '000)

Particulars	For the year ended March 31, 2017					For the year ended March 31, 2016					Total
	Fire	Marine		* Miscellaneous	Total	Fire	Marine		** Miscellaneous	Total	
		Marine Cargo	Marine Hull				Marine Hull	Marine Total			
Commission paid direct	77,942	24,543	395	24,938	823,598	926,478	39,473	17,429	166,834	223,736	
Add: Commission paid on Re-insurance accepted	8,194	701	-	701	11,615	20,510	6,084	1	1,210	7,295	
Less: Commission received on Re-insurance ceded	(145,407)	(16,424)	(2,962)	(19,386)	(2,306,338)	(2,471,131)	(54,789)	(7,525)	(76,990)	(139,304)	
Net commission paid/(received)	(69,271)	8,820	(2,567)	6,253	(1,471,125)	(1,524,143)	(9,232)	9,905	91,054	94,727	

* Miscellaneous Commission Breakup for the year ended March 31, 2017 (₹ '000)

Particulars	Miscellaneous										Total Miscellaneous					
	Motor			Workmens Compensation			Public Liability			Others						
	Motor/OD	Motor/TP	Motor/Declined Risk Pool	Motor Total	Motor/Declined Risk Pool	Motor Total	Product Liability	Aviation	Personal Accident	Health Insurance		Other Liability	Home	Specialty	Weather/Crop	Others
Commission paid direct	292,968	-	-	292,968	3,894	536	106	18,194	518	182,995	284,445	696	13,674	-	15,486	823,598
Add: Commission paid on Re-insurance accepted	2,529	1,660	-	4,189	52	6	1	2,876	1,184	634	1,143	3	210	1,192	99	11,615
Less: Commission received on Re-insurance ceded	(217,733)	(124,539)	-	(342,272)	(370)	(356)	(425)	(65,280)	(1,287)	(222,038)	(618,120)	(8,574)	(12,856)	(1,042,417)	(22,241)	(2,306,338)
Net commission paid/(received)	77,764	(122,879)	-	(45,115)	3,566	186	(318)	(44,220)	415	(38,409)	(332,532)	1,558	1,028	(1,041,225)	(6,629)	(1,471,125)

** Miscellaneous Commission Breakup for the year ended March 31, 2016 (₹ '000)

Particulars	Miscellaneous										Total Miscellaneous					
	Motor			Workmens Compensation			Public Liability			Others						
	Motor/OD	Motor/TP	Motor/Declined Risk Pool	Motor Total	Motor/Declined Risk Pool	Motor Total	Product Liability	Aviation	Personal Accident	Health Insurance		Other Liability	Home	Specialty	Weather/Crop	Others
Commission paid direct	98,322	-	-	98,322	3,295	1,945	-	11,282	-	3,370	45,358	-	-	-	3,262	166,834
Add: Commission paid on Re-insurance accepted	145	-	-	145	-	-	-	1,065	-	-	-	-	-	-	-	1,210
Less: Commission received on Re-insurance ceded	(14,935)	(2,454)	-	(17,389)	(393)	(451)	-	(31,605)	-	(211)	(25,595)	-	-	-	(1,346)	(76,990)
Net commission paid/(received)	83,532	(2,454)	-	81,078	2,902	1,494	-	(19,258)	-	3,159	19,763	-	-	-	1,916	91,054

SCHEDULE - 3 A COMMISSION PAID DIRECT

(₹ '000)

Particulars	For the year ended March 31, 2017					For the year ended March 31, 2016				
	Fire	Marine		Total	Total	Fire	Marine		Total	Total
		Marine Cargo	Marine Hull				Miscellaneous	Miscellaneous		
Agents	3,409	4,218	157,779	165,406	2,189	1,707	47,056	50,952		
Brokers	46,394	20,415	206,512	273,321	33,075	15,333	91,534	139,942		
Corporate Agency	28,143	305	439,847	468,295	4,209	389	28,244	32,842		
Others: CSC, Web aggregator and IMF	(4)	-	19,460	19,456	-	-	-	-		
Total	77,942	24,938	823,598	926,478	39,473	17,429	166,834	223,736		

Schedules

Annexed to and forming part of the Revenue Accounts

Particulars	For the Year ended March 31, 2017					For the Year ended March 31, 2016				
	Fire	Marine		* Miscellaneous	Total	Fire	Marine		** Miscellaneous	Total
		Marine Cargo	Marine Hull				Marine Hull	Marine Total		
Employees' remuneration and welfare benefits	72,894	11,256	5,743	16,999	850,149	15,830	14,523	597,977	628,330	
Travel, conveyance and vehicle running expenses	6,798	1,050	536	1,586	79,283	1,137	1,043	42,938	45,118	
Training expenses	12,962	2,002	1,021	3,023	151,170	26	24	981	1,031	
Rents, rates and taxes	17,867	2,759	1,408	4,167	208,384	3,227	2,960	121,896	128,083	
Repairs	4,825	745	380	1,125	56,269	875	802	33,039	34,716	
Printing and stationery	4,709	727	371	1,098	54,921	423	388	15,989	16,800	
Communication	1,826	282	144	426	21,301	252	231	9,502	9,985	
Legal and professional charges	121,648	18,785	9,585	28,370	1,088,921	5,184	4,756	195,836	205,776	
Auditors' fees, expenses etc										
(a) as auditors	524	81	41	122	6,113	50	46	1,904	2,000	
(b) as advisor or in any other capacity, in respect of:										
(i) Taxation matters	-	-	-	-	-	15	14	572	601	
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	
(iii) Management services	-	-	-	-	-	-	-	-	-	
(c) in any other capacity	170	26	13	39	1,977	2	2	75	79	
Advertisement and publicity	88,580	13,679	6,979	20,658	1,033,090	13,962	12,808	527,398	554,168	
Interest and bank charges	5,712	882	450	1,332	110,466	136	125	5,141	5,402	
Others:										
Electricity expenses	2,370	366	187	553	27,637	290	266	10,937	11,493	
Office expenses	905	140	71	211	10,556	302	277	11,408	11,987	
Miscellaneous expenses	1,482	229	117	346	17,288	1,249	1,146	47,186	49,581	
Information technology expenses	20,680	3,194	1,629	4,823	241,192	4,461	4,092	168,508	177,061	
Postage and courier	3,633	561	286	847	42,377	301	276	11,379	11,956	
Depreciation	15,530	2,398	1,224	3,622	181,124	6,121	5,615	231,223	242,959	
Expenses transferred to Shareholders' Account *	-	(2,098)	(1,071)	(3,169)	-	-	-	-	-	
Total Operating Expenses	383,115	57,064	29,114	86,178	4,182,218	53,843	49,394	2,033,889	2,137,126	

* In terms of Section 40C of the Insurance Laws (Amendment) Act 2015

Schedules

Annexed to and forming part of the Revenue Accounts

(₹ '000)

* Miscellaneous Operating expenses related to Insurance business Breakup for the year ended March 31, 2017

Particulars	Miscellaneous										Total Miscellaneous						
	Motor				Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident		Health Insurance	Others				
	Motor/OD	Motor/TP	Motor/ Declined Risk Pool	Motor Total									Home	Specialty	Weather/Crop	Others	
Employees' remuneration and welfare benefits	47,991	125,641	-	303,632	2,046	371	596	19,332	2,874	52,600	104,500	4,018	330	3,908	342,539	13,403	850,149
Travel, conveyance and vehicle running expenses	16,599	11,747	-	28,346	191	35	55	1,803	268	4,905	9,745	375	31	364	31,945	1,250	79,283
Training expenses	31,650	22,341	-	53,991	364	66	106	3,437	511	9,353	18,582	714	59	695	60,909	2,363	151,170
Rents, rates and taxes	43,628	30,796	-	74,424	502	91	146	4,738	705	12,893	25,615	985	81	958	83,961	3,285	208,384
Repairs	11,781	8,316	-	20,097	135	25	40	1,280	191	3,482	6,916	265	22	258	22,671	887	56,269
Printing and stationery	11,499	8,116	-	19,615	132	24	39	1,249	186	3,398	6,751	259	21	253	22,128	866	54,921
Communication	4,460	3,148	-	7,608	51	9	15	484	72	1,318	2,618	101	8	98	8,563	336	21,301
Legal and professional charges	63,373	209,674	133	273,180	3,415	619	995	32,262	4,796	69,838	96,032	6,705	551	6,521	571,641	22,364	1,088,921
Auditors' fees, expenses etc																	
(a) as auditors	1,280	903	-	2,183	15	3	4	139	21	378	751	29	3	28	2,463	96	6,113
(b) as advisor or in any other capacity, in respect of:																	
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c) in any other capacity	414	292	-	706	5	1	1	45	7	122	243	9	1	9	797	31	1,977
Advertisement and publicity	216,293	152,677	-	368,970	2,486	451	725	23,482	3,493	63,919	126,987	4,882	401	4,748	416,249	16,287	1,033,090
Interest and bank charges	13,947	9,845	-	23,792	180	29	47	1,515	225	4,122	8,189	315	26	306	70,690	1,050	110,466
Others:																	
Electricity expenses	5,786	4,085	-	9,871	67	12	19	628	93	1,710	3,397	131	10	127	11,136	436	27,637
Office expenses	2,210	1,560	-	3,770	25	5	8	240	36	653	1,297	50	4	48	4,253	167	10,556
Miscellaneous expenses	3,619	2,555	-	6,174	42	8	12	393	58	1,070	2,125	82	7	79	6,965	275	17,288
Information Technology expenses	50,497	35,645	-	86,142	580	105	169	5,485	815	14,923	29,647	1,140	94	1,109	97,161	3,802	241,192
Postage and courier	8,872	6,263	-	15,135	102	18	30	964	143	2,622	5,209	200	17	195	17,074	668	42,377
Depreciation	37,921	26,768	-	64,689	436	79	127	4,119	612	11,207	22,264	856	70	833	72,977	2,856	181,124
Expenses transferred to Shareholders' Account *	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	701,820	660,342	133	1,362,295	10,754	1,951	3,134	101,605	16,106	258,513	470,968	21,116	1,736	20,537	1,844,162	70,441	4,182,218

In terms of Section 40C of the Insurance Laws (Amendment) Act 2015

Schedules

Annexed to and forming part of the Revenue Accounts

(₹ '000)

** Miscellaneous Operating expenses related to Insurance business Breakup for the year ended March 31, 2016

Particulars	Miscellaneous										Total Miscellaneous							
	Motor				Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident		Health Insurance	Others					
	Motor/OD	Motor/TP	Motor/ Declined Risk Pool	Motor Total									Home	Specialty	Weather/Crop	Others		
Employees' remuneration and welfare benefits	325,547	151,810	-	477,357	7,493	1,933	-	6,840	-	4,003	98,139	-	-	-	-	-	2,212	597,977
Travel, conveyance and vehicle running expenses	23,376	10,901	-	34,277	538	139	-	491	-	287	7,047	-	-	-	-	-	159	42,838
Training expenses	534	249	-	783	12	3	-	11	-	7	161	-	-	-	-	-	4	981
Rents, rates and taxes	66,362	30,946	-	97,308	15,228	394	-	1,394	-	816	20,005	-	-	-	-	-	451	121,896
Repairs	17,987	8,388	-	26,375	414	107	-	378	-	221	5,422	-	-	-	-	-	122	33,039
Printing and stationery	8,705	4,059	-	12,764	200	52	-	183	-	107	2,624	-	-	-	-	-	59	15,989
Communication	5,173	2,412	-	7,585	119	31	-	109	-	64	1,559	-	-	-	-	-	35	9,502
Legal and professional charges	1,06,616	49,718	-	1,56,334	2,454	633	-	2,240	-	1,311	32,140	-	-	-	-	-	724	1,95,836
Auditors' fees, expenses etc	1,036	483	-	1,519	24	6	-	22	-	13	313	-	-	-	-	-	7	1,904
(a) as auditors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) as advisor or in any other capacity, in respect of:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i) Taxation matters	311	145	-	456	7	2	-	7	-	4	94	-	-	-	-	-	2	572
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c) in any other capacity	41	19	-	60	1	-	-	1	-	1	12	-	-	-	-	-	-	75
Advertisement and publicity	287,123	133,892	-	421,015	6,609	1,705	-	6,033	-	3,530	86,555	-	-	-	-	-	1,951	527,398
Interest and bank charges	2,799	1,305	-	4,104	64	17	-	59	-	34	844	-	-	-	-	-	19	5,141
Others:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity expenses	5,955	2,777	-	8,732	137	35	-	125	-	73	1,795	-	-	-	-	-	40	10,837
Office expenses	6,211	2,896	-	9,107	143	37	-	131	-	76	1,872	-	-	-	-	-	42	11,408
Miscellaneous expenses	25,688	11,979	-	37,667	591	153	-	540	-	316	7,744	-	-	-	-	-	175	47,186
Information Technology expenses	91,738	42,779	-	1,34,517	2,112	545	-	1,928	-	1,128	27,655	-	-	-	-	-	623	1,68,506
Postage and courier	6,195	2,889	-	9,084	143	37	-	130	-	76	1,867	-	-	-	-	-	42	11,379
Depreciation	1,25,881	58,701	-	1,84,582	2,898	747	-	2,645	-	1,548	37,948	-	-	-	-	-	855	2,31,223
Expenses transferred to Shareholders' Account *	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	1,107,278	516,348	-	1,623,626	25,487	6,576	-	23,267	-	13,615	333,796	-	-	-	-	-	7,622	2,033,899

In terms of Section 40C of the Insurance Laws (Amendment) Act 2015

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 5

SHARE CAPITAL

Particulars	As at March 31, 2017 (₹ '000)	As at March 31, 2016 (₹ '000)
Authorised Capital		
1500,000,000 Equity Shares of ₹ 10/- each (Previous Year: 750,000,000 Equity Shares of ₹ 10/- each)	15,000,000	7,500,000
Issued Capital		
600,465,850 Equity Shares of ₹ 10/- each (Previous Year: 705,000,000 Equity Shares of ₹ 10/- each)	6,004,659	7,050,000
Subscribed Capital		
600,465,850 Equity Shares of ₹ 10/- each (Previous Year: 705,000,000 Equity Shares of ₹ 10/- each)	6,004,659	7,050,000
Called-up Capital		
600,465,850 Equity Shares of ₹ 10/- each (Previous Year: 705,000,000 Equity Shares of ₹ 10/- each)	6,004,659	7,050,000
Less: Calls unpaid	—	—
Add: Equity Shares forfeited (Amount originally paid up)	—	—
Less: Par Value of Equity Shares bought back	—	—
Less: Preliminary Expenses	—	—
Total	6,004,659	7,050,000

Of the above 305,005,688 (Previous year : 705,000,000 Equity Shares held by Larsen & Toubro Limited) Equity Shares of ₹ 10/- each are held by Housing Development Finance Corporation Limited, the Holding Company.

SCHEDULE - 5A

SHARE CAPITAL

PATTERN OF SHAREHOLDING

[As certified by the Management]

	As at March 31, 2017		As at March 31, 2016	
	(Number of Shares)	(% of Holding)	(Number of Shares)	(% of Holding)
Promoters:				
Indian: Housing Development Finance Corporation Limited	305,005,688	50.79%	—	—
Foreign: ERGO International AG	292,202,312	48.66%	—	—
Others: Employees	3,257,850	0.54%	—	—
Indian: Larsen & Toubro Ltd.	—	—	705,000,000	100.00%
Total	600,465,850	100.00%	705,000,000	100.00%

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 6

RESERVES AND SURPLUS

Particulars	As at March 31, 2017 (₹ '000)	As at March 31, 2016 (₹ '000)
Capital Reserve	—	—
Capital Redemption Reserve	—	—
Share Premium	—	—
Per Last Balance Sheet	—	—
Add: On Merger (Refer note 3 of Schedule 16)	8,245,512	8,245,512
General Reserves	—	—
Less: Debit balance in Profit and Loss Account	—	—
Less: Amount utilised for buy-back	—	—
Contingency Reserve for Unexpired Risk	—	—
Catastrophe Reserve	—	—
Other Reserves	—	—
Debenture Redemption Reserve	—	—
Per Last Balance Sheet	—	—
Add: Transfer from Profit and Loss Account	97,200	97,200
Balance of Profit/(Loss) in Profit and Loss Account	—	—
Per Last Balance Sheet	(5,630,141)	—
Add: Profit during the year	1,244,094	—
Less: Transfer to Debenture Redemption Reserve	(97,200)	—
Add: Capital Reduction (Refer note 36 of Schedule 16)	2,213,900	—
Add: On Merger (Refer note 3 of Schedule 16)	2,770,365	—
Total	8,843,730	—

SCHEDULE - 7

BORROWINGS

Particulars	As at March 31, 2017 (₹ '000)	As at March 31, 2016 (₹ '000)
Debentures/Bonds (Refer note 37 of Schedule 16)	3,500,000	—
Banks	—	—
Financial Institutions	—	—
Others:	—	—
Total	3,500,000	—

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 8

INVESTMENTS - SHAREHOLDERS (Refer note 2 (o) and 10 of schedule 16)

Particulars	As at March 31, 2017 (₹ '000)	As at March 31, 2016 (₹ '000)
LONG TERM INVESTMENTS		
Government securities and Government guaranteed bonds including Treasury Bills	5,261,394	381,174
Other Approved Securities	1,524,301	19,334
Other Investment:		
Shares		
— Equity	663,971	—
— Preference	215,724	—
Mutual Funds	41,839	—
Derivative Instruments	—	—
Debentures/Bonds	2,404,650	236,026
Other Securities (Bank Deposits)	121,179	—
Subsidiaries	—	—
Investment Properties-Real Estate	—	—
Investments in Infrastructure and Housing	5,406,673	280,812
Other than Approved Investments		
— Equity Shares	92,256	—
— Mutual Fund	29,186	—
— Preference Shares and Debentures	335,082	34,142
Sub-total	(A) 16,096,255	951,488
SHORT TERM INVESTMENTS		
Government securities and Government guaranteed bonds including Treasury Bills	637,743	—
Other Approved Securities	—	—
Other Investment:		
Shares		
— Equity	—	—
— Preference	—	—
Mutual Funds	504,716	13,877
Derivative Instruments	—	—
Debentures/Bonds	249,665	18,715
Other Securities (Commercial Papers and Certificate of Deposits)	136,327	34,660
Subsidiaries	—	—
Investment Properties-Real Estate	—	—

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 8 (Continued)

INVESTMENTS - SHAREHOLDERS (Refer note 2 (o) and 10 of schedule 16)

Particulars		As at March 31, 2017 (₹ '000)	As at March 31, 2016 (₹ '000)
Investments in Infrastructure and Housing		527,353	24,316
Other than Approved Investments			
— Mutual Fund		—	70,723
— Preference Shares and Debentures		78,295	—
Sub-total	(B)	2,134,099	162,231
Total	(A+B)	18,230,354	1,113,719
a) Aggregate value of the investments other than Equity Shares and Mutual Fund		(₹ '000)	(₹ '000)
Long term investments - Book Value		15,269,003	951,488
Market Value		15,727,872	963,555
Short term investments - Book Value		1,629,383	77,631
Market Value		1,643,774	77,763

b) Previous year Investment figures have been bifurcated into Investment - Shareholders and Investment - Policyholders as per IRDAI Circular No. IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017.

SCHEDULE - 8A

INVESTMENTS - POLICYHOLDERS (Refer note 2 (o) and 10 of schedule 16)

Particulars		As at March 31, 2017 (₹ '000)	As at March 31, 2016 (₹ '000)
LONG TERM INVESTMENTS			
Government securities and Government guaranteed bonds including Treasury Bills		14,745,726	1,655,606
Other Approved Securities		4,272,047	83,976
Other Investment:			
Shares			
— Equity		1,860,863	—
— Preference		604,594	—
Mutual Funds		117,261	—
Derivative Instruments		—	—
Debentures/Bonds		6,739,337	1,025,167
Other Securities (Bank Deposits)		339,621	—
Subsidiaries		—	—
Investment Properties-Real Estate		—	—

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 8A (Continued)

INVESTMENTS - POLICYHOLDERS (Refer note 2 (o) and 9 of schedule 16)

Particulars		As at March 31, 2017 (₹ '000)	As at March 31, 2016 (₹ '000)
Investments in Infrastructure and Housing		15,152,888	1,219,691
Other than Approved Investments			
— Equity Shares		258,559	—
— Mutual Fund		81,797	—
— Preference Shares and Debentures		939,110	148,292
Sub-total	(A)	45,111,803	4,132,732
SHORT TERM INVESTMENTS			
Government securities and Government guaranteed bonds including Treasury Bills		1,787,356	—
Other Approved Securities		—	—
Other Investment:			
Shares			
— Equity		—	—
— Preference		—	—
Mutual Funds		1,414,530	60,273
Derivative Instruments		—	—
Debentures/Bonds		699,718	81,285
Other Securities (Commercial Papers and Certificate of Deposits)		382,073	150,283
Subsidiaries		—	—
Investment Properties-Real Estate		—	—
Investments in Infrastructure and Housing		1,477,976	105,617
Other than Approved Investments			
— Mutual Fund		—	307,183
— Preference Shares and Debentures		219,431	—
Sub-total	(B)	5,981,084	704,641
Total	(A+B)	51,092,887	4,837,373

Note:

a) Aggregate value of the investments other than Equity Shares and Mutual Fund

	(₹ '000)	(₹ '000)
Long term investments - Book Value	42,793,323	4,132,732
Market Value	44,079,361	4,185,147
Short term investments - Book Value	4,566,554	337,185
Market Value	4,606,885	337,759

b) Previous year Investment figures have been bifurcated into Investment - Shareholders and Investment - Policyholders as per IRDAI Circular No. IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017.

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 9

LOANS

Particulars	As at March 31, 2017 (₹ '000)	As at March 31, 2016 (₹ '000)
SECURITY-WISE CLASSIFICATION		
Secured		
(a) On mortgage of property		
(aa) In India	—	—
(bb) Outside India	—	—
(b) On Shares, Bonds, Government Securities	—	—
(c) Others	—	—
Unsecured	—	—
Total	<u>—</u>	<u>—</u>
BORROWER-WISE CLASSIFICATION		
(a) Central and State Governments	—	—
(b) Banks and Financial Institutions	—	—
(c) Subsidiaries	—	—
(d) Industrial Undertakings	—	—
(e) Others	—	—
Total	<u>—</u>	<u>—</u>
PERFORMANCE-WISE CLASSIFICATION		
(a) Loans classified as standard		
(aa) In India	—	—
(bb) Outside India	—	—
(b) Non-performing loans less provisions		
(aa) In India	—	—
(bb) Outside India	—	—
Total	<u>—</u>	<u>—</u>
MATURITY-WISE CLASSIFICATION		
(a) Short-Term	—	—
(b) Long-Term	—	—
Total	<u>—</u>	<u>—</u>
Total	<u>—</u>	<u>—</u>

Schedules

Annexed to and forming part of the Balance Sheet

(₹ '000)

Particulars	Cost/Gross Block						Depreciation/Amortisation				Net Block	
	Opening	Additions	Addition on Merger	Deductions	Closing	Upto Last Year	For The Year	Addition on Merger	On Sales/ Adjustments	To Date	As at Year end	Previous Year
Intangibles - Computer Software*	1,058,570	78,376	866,639	-	2,003,585	943,997	140,864	670,915	-	1,755,776	247,809	114,573
Leasehold Property	-	-	137,604	-	137,604	-	4,252	130,127	-	134,379	3,225	-
Building	-	-	759,980	-	759,980	-	3,127	71,407	-	74,534	685,446	-
Furniture and Fittings	57,321	4,471	164,220	10,011	216,001	45,222	5,543	49,011	9,953	89,823	126,178	12,099
Information Technology Equipment	39,525	97,937	505,139	17,018	625,583	27,950	31,367	391,825	16,531	434,611	190,972	11,575
Vehicles	-	5,695	135,611	3,909	137,397	-	6,685	68,096	1,427	73,354	64,043	-
Office Equipment	12,013	2,684	190,951	4,287	201,361	9,473	8,438	120,888	4,111	134,688	66,673	2,540
Total	1,167,429	189,163	2,760,144	35,225	4,081,511	1,026,642	200,276	1,502,269	32,022	2,697,165	1,384,346	140,787
Capital Work-in-progress (includes advances) (Refer Note 6 of Schedule 16)	-	24,354	86,378	6,692	104,040	-	-	-	-	-	104,040	3,346
Grand Total	1,167,429	213,517	2,846,522	41,917	4,185,551	1,026,642	200,276	1,502,269	32,022	2,697,165	1,488,386	144,133
Previous year as at March 31, 2016	1,136,243	36,188	-	5,002	1,167,429	788,685	242,959	-	5,002	1,026,642	144,133	-

*There are no internally generated Computer Software

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 11

CASH AND BANK BALANCES

Particulars	As at March 31, 2017 (₹ '000)	As at March 31, 2016 (₹ '000)
Cash (including cheques, drafts and stamps)	440,660	686
Bank Balances		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	392,299	80,000
(bb) Others	12,400	—
(Refer note 30 of Schedule 16)		
(b) Current Accounts	1,174,630	160,644
(c) Others	—	—
Money at Call and Short Notice		
(a) With Banks	—	—
(b) With Other Institutions	—	—
Others	—	—
Total	2,019,989	241,330

SCHEDULE - 12

ADVANCES AND OTHER ASSETS

Particulars	As at March 31, 2017 (₹ '000)	As at March 31, 2016 (₹ '000)
ADVANCES		
Reserve deposits with ceding companies	—	—
Application money for investments	—	—
Prepayments	92,070	18,423
Advance to Directors/Officers	—	—
Advance tax paid and taxes deducted at source (Net of provision for taxation)	116,749	2
Others:		
Advances to employees	6,051	861
Advances to suppliers	167,525	13,785
Service Tax utilized credit	257,564	16,095
MAT credit entitlement	—	—
Sub-total (A)	639,959	49,166

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 12 (Continued)

ADVANCES AND OTHER ASSETS

Particulars		As at March 31, 2017 (₹ '000)	As at March 31, 2016 (₹ '000)
OTHER ASSETS			
Income accrued on investments		1,889,746	157,154
Outstanding Premiums	11,542,294		
Less : Provisions for doubtful debts	(87,241)	11,455,053	9,141
Agents' Balances		1,498	21
Foreign Agents' Balances		—	—
Due from other entities carrying on insurance business (including reinsurers)	941,017		
Less : Provisions for doubtful debts	(30,108)	910,909	485,040
Due from subsidiaries/holding Company		—	—
Deposit with Reserve Bank of India (Pursuant to section 7 of Insurance Act, 1938)		—	—
Others:			
Deposits for premises		101,567	189,612
Stock of salvaged cars		5,789	—
Sub-total (B)		14,364,562	840,968
Total (A+B)		15,004,521	890,134

SCHEDULE - 13

CURRENT LIABILITIES

Particulars		As at March 31, 2017 (₹ '000)	As at March 31, 2016 (₹ '000)
Agents' Balances		219,970	9,281
Balances due to other insurance companies		16,020,888	143,976
Deposits held on re-insurance ceded		—	—
Premiums received in advance		1,053,631	17,165
Unallocated Premium		3,872,948	73,575
Unclaimed amount of Policyholder's (Refer note 30 of Schedule 16)		218,387	17,642
Sundry creditors		4,758,543	395,310
Due to subsidiaries/holding company		249,251	—
Claims Outstanding (Refer note 24 (b) and 29 of Schedule 16)		24,117,006	2,856,406
Due to Officers/Directors		3,042	—

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 13 (Continued)

CURRENT LIABILITIES

Particulars	As at March 31, 2017 (₹ '000)	As at March 31, 2016 (₹ '000)
Others:		
Service tax liability	—	—
Tax deducted at source	68,516	15,731
Other statutory dues	19,413	410
Interest payable on debentures	101,475	—
Total	50,703,070	3,529,496

SCHEDULE - 14

PROVISIONS

Particulars	As at March 31, 2017 (₹ '000)	As at March 31, 2016 (₹ '000)
Reserve for Unexpired Risk	18,175,991	2,224,188
For taxation (less advance tax paid and taxes deducted at source)	4,325	—
For proposed dividends	—	—
For dividend distribution tax	—	—
Others:		
Provision for Employee benefits	95,086	50,073
Total	18,275,402	2,274,261

SCHEDULE - 15

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Particulars	As at March 31, 2017 (₹ '000)	As at March 31, 2016 (₹ '000)
Discount Allowed in issue of shares/debentures	—	—
Others:		
Pre-operative expenses:		
Opening balance	—	—
Incurred during the year	—	—
Less: Amortisation during the year	—	—
Total	—	—

Schedule - 16

NOTES TO ACCOUNTS

1. BACKGROUND

HDFC ERGO General Insurance Company Limited (Formerly HDFC General Insurance Limited from Sept 14, 2016 and L&T General Insurance Company Limited upto Sept 13, 2016) ("the Company") was incorporated on December 27, 2007 as a Company under the Companies Act, 1956.

The Company is registered with the Insurance Regulatory and Development Authority of India ("IRDAI") and continues to be in the business of underwriting general insurance policies and has launched general insurance products in Motor, Home, Accident & Health, Commercial and Specialty business lines.

The Company's certificate of renewal of registration dated February 25, 2014 was valid till March 31, 2015. Pursuant to Section 3 read with Section 3A of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015, said certificate shall consequentially continue to be in force from April 1, 2015 onwards.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared under the historical cost convention, on an accrual basis and in accordance with the applicable provisions of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, circulars/notifications issued by IRDAI from time to time (including circular no. IRDA/F&A/CIR/CPM/056/03/2016 dated April 04, 2016 and IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017), the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, read together with Rule 7 of Companies (Accounts) Rule 2014 dated March 31, 2014 and Companies (Accounting Standards) amendment Rules 2016 dated March 30, 2016 to the extent applicable and the relevant provisions of the Companies Act, 2013.

Accounting policies applied have been consistent with previous year except where different treatment is required as per new pronouncements made by the regulatory authorities. The management evaluates, all recently issued or revised accounting pronouncements, on an ongoing basis.

(b) Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosures of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(c) Revenue Recognition

Premium Income

Premium including Reinsurance accepted (net of service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

revisions to or cancellations of premiums are accounted for in the year in which they occur. Installment cases are recorded on installment due dates. Premium received in advance represents premium received prior to commencement of the risk.

Income earned on investments

Interest income on investments is recognised on an accrual basis. Accretion of discount and amortisation of premium relating to debt securities is recognised over the holding/maturity period on a constant yield to maturity basis.

Dividend income is recognised when the right to receive dividend is established.

The net realised gains or losses on the debt securities are the difference between the net sale consideration and the amortised cost, which is computed on a weighted average basis, as on the date of sale. In case of listed equity shares / mutual fund units, the profit or loss on sale of investment includes the accumulated changes in the fair value previously recognised under “Fair Value Change Account”. The difference between the acquisition price and the maturity value of treasury bills is recognised as income in the revenue accounts or the profit and loss account, as the case may be, over the remaining term of these instruments on a yield to maturity basis.

Sale consideration for the purpose of realised gain/loss is net of brokerage and taxes, if any, and excludes interest received on sales.

(d) Reinsurance ceded

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur. Premium on excess of loss reinsurance cover is accounted as per the terms of the reinsurance arrangements.

(e) Commission received

Commission on reinsurance ceded is recognised as income on ceding of reinsurance premium.

Profit commission under reinsurance treaties, wherever applicable, is recognised in the year of final determination of the profits and as intimated by the Reinsurer.

(f) Reserve for Unexpired Risk

Reserve for unexpired risk represents that part of the net premium written which is attributable to and allocated to the succeeding accounting period. Reserve for unexpired risk is calculated on the basis of 1/365th method in all segment subject to a minimum of 100% in case of Marine Hull business and based on Net Premium Written during the year, whichever is higher as per Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated April 4, 2016. As per the Master Circular on preparation of financial statements –General Insurance Business and corrigendum issued thereon, the Net Premium Written is to be considered only in respect of policies written during the year and unexpired on the Balance Sheet date.

(g) Premium deficiency

Premium deficiency is recognised for the Company as a whole on an annual basis. Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (related to

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

claims handling) exceeds related reserve for unexpired risk. The expected claim costs are calculated and duly certified by the Appointed Actuary.

(h) Claims incurred

Claims incurred comprises of claims paid (net of salvage and other recoveries), change in estimated liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) and specific settlement costs comprising survey, legal and other directly attributable expenses.

Provision is made for estimated value of outstanding claims at the Balance Sheet date net of reinsurance, salvage and other recoveries. Such provision is made on the basis of the ultimate amounts that are likely to be paid on each claim, established by the management in light of past experience and progressively modified for changes as appropriate, on availability of further information and include claim settlement costs likely to be incurred to settle outstanding claims.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

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 IRDAI vide circular No. 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2005 and applicable provisions of Guidance Note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has used generally accepted actuarial 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.

(i) Salvage Recoveries

Salvaged vehicles are recognised at net realizable value and are deducted from the claim settlement made against the same. Salvaged vehicles on hand are treated as stock-in-trade and are recognised at estimated net realizable value based on independent valuer's report.

(j) Acquisition Costs

Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. These costs are expensed in the period in which they are incurred.

(k) Fixed Assets and Depreciation

Fixed assets are stated at cost of acquisition (including incidental expenses relating to acquisition and installation of assets) and expenses directly attributable to bringing the asset to its working condition for its intended use, less accumulated depreciation and impairment of assets, if any. Salvaged vehicles, transferred and registered in the name of the Company are stated at fair market value determined based on the independent valuer's report as on the date of capitalization less accumulated depreciation.

Capital work in progress includes assets not ready for the intended use and are carried at cost, comprising direct cost and related incidental expenses.

Depreciable amount for assets is the cost of an asset or other amount substituted for cost, less its estimated residual value.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, etc.

- Information Technology Equipment - 4 years
- Vehicles - 5 years
- Salvaged Vehicles Capitalised - 5 years

Leasehold Property is depreciated over the duration of lease.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

- Computer Softwares - 4 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Impairment of assets

The carrying values of assets forming part of any cash generating units at Balance Sheet date are reviewed for impairment at each balance sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

(l) Finance Leases

Finance leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the lower of the fair value of the asset and present value of the minimum lease payments at the inception of the lease term and are disclosed as leased assets. Lease payments are apportioned between the finance charges and the corresponding liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Revenue Accounts. Leased assets capitalised under finance lease are depreciated on a straight line basis over the lease term.

(m) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognised as an expense on straight line basis in the revenue accounts, as per the lease terms.

(n) Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

At the Balance Sheet date, monetary items denominated in foreign currencies are converted into rupee equivalents at the exchange rates prevailing at that date.

All exchange differences arising on settlement/conversion of foreign currency transactions are included in the Revenue Accounts.

(o) Investments

Investments are made and accounted for in accordance with the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 as amended and various other circulars / notifications issued by the IRDAI in this context from time to time.

Investments are recorded at cost, which include brokerage, taxes, if any, stamp duty and excludes broken period interest.

Investments maturing within twelve months from the Balance Sheet date and investments made with the specific intention to be disposed off within twelve months from the balance sheet date are classified as short-term investments.

Investments other than short-term investments are classified as long-term investments.

Pursuant to the provisions of IRDAI Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated April 4, 2016 and IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017 the Investment made by the Company are bifurcated into Policyholders and Shareholders funds on notional basis and accordingly fair value change account and Investment income is bifurcated in the same ratio under the Policyholder's fund and shareholder's fund.

Policyholders fund shall be the sum of a) Outstanding Claims including IBNR (Incurred but not reported) & IBNER (Incurred but not enough reported), b) Unexpired Risk Reserve (URR), c) Premium deficiency, if any, d) Catastrophe Reserve, if any, and e) Other liabilities net off Other assets. Other liabilities comprise of Premium received in advance, unallocated premium, Balance due to other Insurance Companies, Due to others members of the Motor third party pool and Due to Policyholders. Other assets comprises of outstanding premium, Due from other entities carrying on Insurance business (including reinsurers), Balance with Terrorism Pool and Balance with Motor third party pool, if any.

Shareholders' funds comprises of share capital, including reserves and surplus, less accumulated losses, if any, preliminary expenses and miscellaneous expenditure to the extent not written off or adjusted.

Schedule 8 denotes Investment made out of the Shareholders fund and Schedule 8A denotes Investments made out of the policyholders' fund.

All debt securities and non convertible preference shares are considered as 'held to maturity' and accordingly stated at historical cost subject to amortisation of premium or accretion of discount on constant yield to maturity basis in the Revenue Accounts and in the Profit and Loss Account over the period of maturity/holding.

All mutual fund investments are valued at net asset value as at Balance Sheet date.

Equity shares actively traded and convertible preference shares as at the Balance Sheet date are stated at fair value, being the last quoted closing price on the National Stock Exchange (NSE) being selected as Primary exchange as required by IRDAI circular number IRDA/F&I/INV/CIR/213/10/2013 dated October 30, 2013. However, in case of any stock not being listed on NSE, the same is valued based on the last quoted closing price on Bombay Stock Exchange (BSE).

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

In accordance with the Regulations, any unrealized gains/losses arising due to change in fair value of mutual fund investments or listed equity shares are accounted in “Fair Value Change Account” and carried forward in the Balance Sheet and is not available for distribution.

The Company assesses, whether any impairment has occurred on its investments in equity securities or units of mutual fund, at each Balance Sheet date. If any such indication exists, then carrying value of such investment is reduced to its recoverable amount/market value on the Balance Sheet date and the impairment loss is recognised in the Profit and Loss Account. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists then impairment loss, earlier recognised in Profit and loss Account, is reversed in Profit and loss account and the investment is restated to that extent.

(p) Employee Benefits

(i) Short-term employee benefits

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, bonuses, short term compensated absences and other non-monetary benefits are recognised in the period in which the employee renders the related service. All short term employee benefits are accounted on undiscounted basis.

(ii) Long term employee benefits

The Company has both defined contribution and defined benefit plans, of which some have assets in special funds or similar securities. The plans are financed by the Company and in case of some defined contribution plans, by the Company along with its employees.

Defined contribution plans

These are plans in which the Company pays predefined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees’ provident fund, family pension fund and superannuation fund. The Company’s payments to the defined contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

Defined benefit plans

Expenses for defined benefit gratuity and supplemental payment plans are calculated as at the Balance Sheet date by independent actuaries using projected unit credit method in a manner that distributes expenses over the employee’s working life. These commitments are valued at the present value of expected future payments arrived at after considering the funded status, with consideration for calculated future salary increases, utilizing a discount rate corresponding to the interest rate estimated by the actuary, having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

The Company recognizes the net obligation of the scheme in Balance Sheet as an asset or liability in accordance with AS 15 “Employee Benefits”. The discount rate used for estimation of liability is based on Government securities yield. Gain or loss arising from change in actuarial assumptions / experience adjustments is recognised in the Revenue Accounts for the period in which they emerge. Expected long term rate of return on assets has been determined based on historical experience and available market information.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

(iii) Other long term employee benefits

Provision for other long term benefits includes accumulated compensated absences that are entitled to be carried forward for future encashment or availment, at the option of the employer subject to the rules framed by the Company which are expected to be availed or encashed beyond twelve months from the Balance Sheet date. The Company's liability towards these other long term benefits are accrued and provided for on the basis of an actuarial valuation using projected unit credit method made at the end of the financial year.

(q) Taxation

Income tax expense comprises current tax (i.e. amount of tax payable on the taxable income for the period determined in accordance with the Income-tax Act, 1961), and deferred tax charge or credit (reflecting the tax effects of timing differences between the accounting income and taxable income for the period). Current tax is the amount expected to be paid to the tax authorities after taking credit for allowances and exemptions in accordance with the Income-tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably or virtually certain to be realised.

In accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India and in accordance with the provisions of the Income Tax Act, 1961, Minimum Alternate Tax ('MAT') credit is recognised as an asset to the extent there is convincing evidence that the Company will pay normal income tax in future by way of a credit to the profit and loss account and shown as MAT credit entitlement.

(r) Terrorism Pool

In accordance with the requirements of IRDAI, the Company, together with other insurance companies, participates in the Terrorism Pool. This pool is managed by the General Insurance Corporation of India ("GIC"). Amounts collected as terrorism premium in accordance with the requirements of the Tariff Advisory Committee ("TAC") are ceded at 100% of the terrorism premium collected to the Terrorism Pool.

In accordance with the terms of the agreement, GIC retrocedes, to the Company, terrorism premium to the extent of the Company's share in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly statements received from the GIC. The reinsurance accepted on account of terrorism pool has been recorded in accordance with the last statement received from GIC.

The Company has ensured that it has created liability, to the extent of premium retroceded to the Company, through reserve for unexpired risks.

(s) Indian Motor Third Party Declined Risk Insurance Pool (IMTPDRIP)

The Indian Motor Third Party Declined Risk Insurance Pool (IMTPDRIP) is a multi-lateral reinsurance arrangement between the underwriting insurer and all other registered insurers carrying on general insurance

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

business to share the stand alone third party liability insurance for commercial vehicles (Liability only) premium (excluding Miscellaneous and special class of vehicles falling under erstwhile All India Motor Tariff) which is considered as declined risk premium and ceded to pool as per the underwriting guidelines submitted every year by each insurer with effect from April 1, 2012. All the insurers underwriting motor insurance business are the members of the IMTPDRIP ("Members"). GIC is the administrator of the pooling arrangement. It acts under the guidance of the General Insurance Council.

The Company has to cede to the extent of such premium of declined risk premium to the IMTPDRIP after net retention (currently 20%) and obligatory cession as prescribed by the IRDAI from time to time. All the premiums ceded to the IMTPDRIP is shared amongst members in the proportion of shortfall of the respective insurers. Shortfall is a difference of mandatory obligation and actual net retention of Liability only premium of the insurer. The mandatory obligation is calculated by applying average of market share (being average of overall market share and market share in respect of motor business) to the total Liability only premium of the industry for every financial year. Operating expenses of the IMTPDRIP incurred by GIC are borne by all the members in proportion to their respective mandatory obligation. The Company effects the settlement of its share in the premium, claims and expenditure based on clean cut settlement statement received from the pool administrator on a quarterly basis. The Company earns 100% of the premium retro ceded from IMTPDRIP in the year of retrocession.

The Insurance Laws (Amendment) Act, 2015 which were mandated on March 23, 2015, mandated insurers to complete a certain minimum motor third party insurance business in the manner to be specified by IRDAI. Accordingly, IRDAI has issued IRDA (Obligations of Insurers in respect of Motor Third Party Insurance Business) Regulations, 2015.

Consequent to the issuance of the abovementioned Regulations, IRDAI vide its Orders IRDA/NL/CIR/MISC/051/03/2016 dated March 16, 2016 decided to dismantle the Indian Motor Third Party Declined Risk Pool with effect from April 1, 2016.

(t) Contributions to Solatium Fund

In accordance with the requirements of IRDAI circular dated March 18, 2003 and based on the decision made by the General Insurance Council in its meeting held on May 6, 2005, the Company provides for contribution to Solatium Fund established by the Central Government as a percentage of gross written premium for all motor policies written during that year, till the year ended March 31, 2010. Further, General Insurance Council in its meeting held on April 1, 2010 recommended that the contribution should be a percentage of gross written third party premiums.

(u) Segment Reporting

In case of General insurance business, based on the primary segments identified under Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 read with AS 17 on "Segment Reporting" specified under Section 133 of the Companies Act, 2013, the Company has classified and disclosed segment information for Fire, Marine and Miscellaneous lines of business.

There are no reportable geographical segments, since all business is written in India.

The allocation of revenue and expenses to specific segments is done in the following manner, which is applied on a consistent basis.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

Allocation of Investment Income

Investment income earned on the policyholders' funds has been allocated on the basis of the average of reserves for unexpired risks, IBNR, IBNER and outstanding claims of the respective segments.

Operating Expenses relating to Insurance Business

Expenses which are directly attributable and identifiable to the business segments shall be allocated to the respective business segment.

Expenses which are not directly attributable and identifiable to the business segments, shall be apportioned on the basis of Gross written premium of the respective business segment.

The accounting policies used in segment reporting are same as those used in the preparation of financial statements.

(v) Earnings Per Share ("EPS")

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted EPS comprises of weighted average number of shares considered for deriving basic EPS and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

(w) Provisions and Contingencies

A provision is recognised when the Company has a present legal obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current best estimates. Contingent liabilities are not recognised. A Contingent asset is neither recognised nor disclosed.

(x) Employee Stock Option Plan ("ESOP")

The Company follows the intrinsic method for computing the compensation cost, for options granted under the Plan. The difference if any, between the fair value of the share and the grant price, being the compensation cost is amortized over the vesting period of the options.

(y) Receipts and Payments Account

(i) Receipts and Payments Account is prepared and reported using the Direct Method, in conformity with para 2.2 of the Master Circular on Preparation of Financial Statements - General Insurance Business dated October 5, 2012, issued by the IRDAI.

(ii) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

3. Merger of HDFC ERGO General Insurance Company Limited. (“Transferor Company”)

The Board of Directors of the Company in their meeting held on September 16, 2016 approved a Scheme of Arrangement under Sections 391 and 394 of the Companies Act, 1956 (‘the Scheme’) and Sections 230 and 232 of the Companies Act 2013 for merger of HDFC ERGO General Insurance Company Limited (‘Transferor Company’) with the Company. The Transferor Company also being engaged in General Insurance Business.

The Company filed the Company Summons for Directions with the High Court of Judicature at Bombay on October 5, 2016. Pursuant to notification issued by the Ministry of Corporate affairs, National Company Law Tribunal (NCLT) was constituted and sections dealing with Merger were notified with effect from December 15, 2016. Consequently, the said matter was transferred from the High Court of Judicature at Bombay to NCLT.

Pursuant to the Scheme sanctioned by the NCLT, Mumbai bench the entire business undertaking of the Transferor Company including all assets and properties, debts, liabilities and duties and obligations have been transferred to and vested in the Company, with effect from January 1, 2017 (the Appointed Date as per the Scheme). The certified copies of the aforesaid NCLT Order has been filed with the Insurance Regulatory and Development Authority of India and Ministry of Corporate Affairs on July 14, 2017 and July 27, 2017, respectively. IRDAI has given its final approval for merger vide letter dated August 14, 2017 with the Effective Date as August 16, 2017. Consequently, the Scheme has been given effect to in these financial statements.

In terms of the Scheme, the Company has allotted 600,465,850 equity shares of ₹ 10 each as fully paid up to the shareholders of the Transferor Company in the proportion of 1 equity share of ₹ 10 each in the Company for every 1 equity share of ₹ 10 each held in the Transferor Company. The equity shares held by the Transferor Company in the Company aggregating to 545,610 thousand have been extinguished and stand cancelled.

The merger has been accounted under the ‘Pooling of interests’ method as prescribed under Accounting Standard 14 ‘Accounting for Amalgamations’ (AS 14). Accordingly, the assets, liabilities and reserves of the Transferor Company as at January 1, 2017 have been taken over at their book values.

Post Merger the Company has changed its name from HDFC General Insurance Limited to HDFC ERGO General Insurance Company Limited.

The Board of Directors of the Company in its meeting held on April 26, 2017 had approved the Financial Statements as of March 31, 2017. Pursuant to the Scheme sanctioned by the NCLT, Mumbai bench and final approval of IRDAI, the Board of Directors in its meeting held on August 18, 2017 approved the restated Financial Statements as of March 31, 2017.

Details of the summarized values of assets and liabilities of the Transferor Company as acquired pursuant to the Scheme and the treatment of the difference between the net assets acquired and cost of investments in the Company together with the shares issued to the shareholders of the Transferor Company are as under:

(₹ '000)

Particulars	Appointed Date 01 January, 2017
Fixed Assets (Net)	1,344,253
Investments	61,592,485
Cash and bank balances	1,544,573
Advances and other assets	13,062,571
Total assets	77,543,882
Deferred tax liabilities (net)	46,663
Borrowings	35,00,000
Current liabilities & Provisions	56,873,530
Others - Fair value change account	103,153
Total liabilities	60,523,346

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

(₹ '000)

Particulars	Appointed Date 01 January, 2017
Net assets acquired	17,020,536
Less: Equity share capital issued	6,004,659
Balance adjusted against reserves	11,015,877
Details of amount adjusted against reserves:	
	Amount
Securities premium account (taken over)	8,245,512
Statement of Profit and Loss (taken over)	2,770,365
	11,015,877

4. CONTINGENT LIABILITIES

(₹ '000)

Sr.No.	Particulars	As at March 31, 2017	As at March 31, 2016
1	Partly paid up investments	Nil	Nil
2	Underwriting commitments outstanding (in respect of shares and securities)	Nil	Nil
3	Claims, other than those under policies, not acknowledged as debts	Nil	Nil
4	Guarantees given by or on behalf of the Company	Nil	Nil
5	Statutory demands/liabilities in dispute, not provided for	201	Nil
6	Reinsurance obligations to the extent not provided for in accounts	Nil	Nil

Pursuant to the Scheme sanctioned by the NCLT for the State of Maharashtra, liability in respect of pending litigations arising out of matters relating to Income tax and order in original in respect of a Service tax matter of ₹ 216,891 thousand are transferred from HDFC ERGO General Insurance Company Limited (Transferor Company) to HDFC General Insurance Limited (Transferee Company). Based on expert advice as obtained by the management of the Company in respect of these matters, the Management does not expect any outflow of economic benefits and accordingly assessed the likelihood of outflow of resources as remote.

5. ENCUMBRANCES ON ASSETS

The assets of the Company are free from encumbrances, other than leased vehicles, which constitutes the security in respect of the Company's finance lease arrangement.

6. COMMITMENTS

There are commitments made and outstanding of ₹ 63,400 thousand (Previous year Nil) for investments and no commitments made and outstanding for loans (Previous year Nil).

Estimated amount of contracts remaining to be executed on capital account and not provided for, [net of payments ₹ 104,040 thousand (Previous year ₹ Nil)] is ₹ 507,402 thousand (Previous year ₹ 2,423 thousand).

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

7. CLAIMS

All claims, net of reinsurance are incurred and paid in India except for Marine Insurance where consignments are exported from India and Overseas Travel Insurance.

(₹ '000)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Outside India	471,982	37,484

There are no claims that have been settled and remaining unpaid for a period of more than six months as at the end of the year (Previous year Nil).

The Ageing of gross claims outstanding (unsettled) is as under:

(₹ '000)

Particulars	As at March 31, 2017	As at March 31, 2016
More than six months	17,692,770	1,188,458
Others	5,491,917	1,040,491

8. PREMIUM

(a) All premiums net of reinsurance are written and received in India.

(b) Premium income recognized on “Varying Risk Pattern” is Nil (Previous year Nil).

9. EXTENT OF RISKS RETAINED AND REINSURED

Extent of risk retained and reinsured with respect to gross written premium is set out below:

For the year ended on March 31, 2017

Particulars	Basis	Gross Premium	Retention	Cession	Retention	Cession
		(₹ '000)	(₹ '000)	(₹ '000)	%	%
Fire	Total sum insured	1,793,861	453,487	1,340,374	25	75
Marine Cargo	Value at Risk	268,862	117,436	151,426	44	56
Marine Hull	Total sum insured	137,180	117	137,063	–	100
Miscellaneous						
- Motor	Total sum insured	7,261,229	5,453,485	1,807,743	75	25
- Workmen's Compensation	Value at Risk	48,873	46,426	2,446	95	5
- Public/Product Liability	Value at Risk	23,110	10,298	12,812	45	55
- Engineering	Total sum insured	471,061	108,205	362,856	23	77
- Aviation	Value at Risk	68,649	5,848	62,802	9	91
- Personal Accident	Value at Risk	1,256,362	895,049	361,313	71	29
- Health Insurance	Value at Risk	2,495,992	1,474,770	1,021,222	59	41
- Other Liability / Specialty	Value at Risk	189,295	51,427	137,867	27	73
- Others	Value at Risk	8,509,581	1,657,641	6,851,940	19	81

The above excludes Excess of Loss cover reinsurance premium of ₹ 282,837 thousand for the year ended on March 31, 2017.

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

For the year ended on March 31, 2016

Particulars	Basis	Gross Premium	Retention	Cession	Retention	Cession
		(₹ '000)	(₹ '000)	(₹ '000)	%	%
Fire	Total sum insured	674,787	171,611	503,176	25	75
Marine Cargo	Value at Risk	144,924	97,709	47,215	67	33
Marine Hull	Total sum insured	Nil	Nil	Nil	—	—
Miscellaneous						
- Motor	Total sum insured	3,020,333	2,837,094	183,239	94	6
- Workmen's Compensation	Value at Risk	46,982	44,632	2,350	95	5
- Public/Product Liability	Value at Risk	Nil	Nil	Nil	—	—
- Engineering	Total sum insured	209,879	72,694	137,185	35	65
- Aviation	Value at Risk	Nil	Nil	Nil	—	—
- Personal Accident	Value at Risk	28,083	26,679	1,404	95	5
- Health Insurance	Value at Risk	655,606	569,483	86,123	87	13
- Other Liability / Specialty	Value at Risk	15,165	12,365	2,800	82	18
- Others	Value at Risk	29,853	19,039	10,814	64	36

The above excludes Excess of Loss cover reinsurance premium of ₹ 204,427 thousand for the year ended on March 31, 2016.

10. INVESTMENTS

There are no contracts outstanding in relation to purchases where deliveries are pending (Previous year Nil) and there are no contracts outstanding in relation to sales where payments are outstanding/overdue at the end of the year (Previous year Nil).

Investments made are in accordance with the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015 and Insurance Regulatory and Development Authority (Investment) Regulations, 2016 as amended.

The Company has no non-performing assets for the purpose of income recognition as per the directions of IRDAI (Previous year Nil).

Historical cost of investments which have been valued on a market value basis:

Mutual Funds – ₹ 2,165,548 thousand (Previous year ₹ 448,982 thousand)

Equity Shares – ₹ 2,390,153 thousand (Previous year Nil)

(₹ '000)

Particulars	As at March 31, 2017	As at March 31, 2016
Aggregate market value of the Investments other than Mutual Fund and Equity	66,057,892	5,564,224
Aggregate amortized cost /cost of the Investments other than Mutual Fund and Equity	64,258,264	5,499,036

The Insurance Laws (Amendment) Act, 2015 has dispensed with the requirement of maintaining the deposit under Section 7 of the Insurance Act, 1938. Accordingly, IRDAI Circular No. IRDAI/F&I/CIR/INV/093/04/2015 dated April 30, 2015 permits insurers to withdraw the lien marked securities held in the Constituent Subsidiary General Ledger (CSGL) Account for the purpose of Section 7 Deposit. Consequently, as on March 31, 2017, the Company has no securities ear-marked under Section 7 of the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015.

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

11. MANAGERIAL REMUNERATION

The Managing Director and Chief Executive Officer (MD & CEO) and the Executive Directors are remunerated in terms of the approval granted by IRDAI.

Details of their remuneration included in employee remuneration and welfare benefits are as follows:

(₹ '000)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salary, perquisites and bonus	32,395	14,923
Contribution to Provident Fund	1,058	691
Total	33,453	15,614

The above remuneration includes remuneration paid to Mr G C Rangan, Chief Executive Officer and Whole Time Director of HDFC General Insurance Limited (Formerly known as L&T General Insurance Company Limited) till September 8, 2016.

Out of the above ₹ 15,000 thousand (Previous year ₹ 15,000 thousand) remuneration for each Director has been charged to Revenue Accounts and balance ₹ 12,014 thousand (Previous year ₹ 614 thousand) has been transferred to Profit and Loss Account.

Expenses towards gratuity funding and leave encashment provision are determined actuarially on an overall Company basis annually and accordingly have not been considered in the above information.

12. SECTOR WISE BUSINESS BASED ON GROSS DIRECT PREMIUM INCOME (GDPI)

Business Sector	For the year ended March 31, 2017		For the year ended March 31, 2016	
	GDPI (₹ '000)	% of GDPI	GDPI (₹ '000)	% of GDPI
Rural	9,166,336	41	290,729	6
Urban	13,075,329	59	4,443,184	94
Total	22,241,665	100	4,733,913	100

Social Sector	For the year ended March 31, 2017	For the year ended March 31, 2016
Number of lives	4,342,040	609,028
GDPI (₹ '000)	17,302,205	70,230

13. REINSURANCE REGULATIONS

As per Insurance Regulatory and Development Authority (General Insurance – Reinsurance) Regulations, 2000 (Reinsurance Regulations), prior approval from IRDAI is required in case of placement of surplus over and above the domestic reinsurance arrangements with one reinsurer outside India in excess of 10% of the total reinsurance premium ceded. In terms of IRDA Reinsurance Regulations, the Company has submitted to the IRDAI details in respect of its reinsurance treaties including those where the reinsurance support exceeds 10% from overseas reinsurer.

14. ASSETS TAKEN ON LEASE

Operating lease commitments - Premises, Furniture and Fittings and Information Technology Equipment:

The Company takes premises; both commercial and residential on lease (includes furniture taken on lease). The

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

minimum lease payments to be made in future towards non-cancelable lease agreements are as follows:

(₹ '000)

Particulars	As at March 31, 2017	As at March 31, 2016
Not later than one year	142,868	47,701
Later than one year but not later than five years	40,338	89,667
Later than five years	—	—

The aggregate operating lease rental, charged to the Revenue Accounts in the current year is ₹ 180,118 thousand (Previous year ₹ 117,300 thousand).

The lease terms do not contain any exceptional/restrictive covenants nor are there any options given to the Company to renew the lease or purchase the asset.

15. TAXATION

Accounting Standard (AS) 22 – ‘Accounting for Taxes on Income’, requires the Company to accrue taxes on income in the same period as the revenue and expenses to which they relate. As the taxable income is different from the reported income due to timing differences, there arises a potential deferred tax asset or deferred tax liability, as the case may be. The components of the Company’s deferred tax liabilities and assets are tabulated below.

(₹ '000)

Particulars	As at March 31, 2017	As at March 31, 2016
Deferred Tax Assets:		
Business losses till A.Y. 2016-17	35,701	—
Total	35,701	—
Deferred Tax Liabilities:		
Depreciation	35,701	—
Total	35,701	—
Deferred Tax (Net)	Nil	—

Since the Transferee Company had carried forward losses of previous years and did not have taxable income in the previous years, deferred tax asset was not recognized for the year ended March 31, 2016 as a matter of prudence.

16. EMPLOYEE STOCK OPTION PLAN (ESOP)

The Transferor Company had introduced an Employee Stock Option Plan 2009 (“ESOP 2009”) in financial year 2009-10. Pursuant to the Scheme sanctioned by the NCLT for the State of Maharashtra, the ESOP 2009 is transferred from Transferor Company to Transferee Company under the same terms and conditions as were applicable to Transferor Company. ESOP 2009 provides that eligible employees are granted options to acquire equity shares of the Company that vest in graded manner. The vested options may be exercised within a specified period.

Under ESOP 2009, during the year Nil options (Previous year Nil options) were granted. The options will vest over a period of two to four years from the date of grant as given below and are exercisable over a period of five years from the respective dates of vesting. Accordingly, during the year Nil options (Previous year Nil options) were vested out of Tranche I, Tranche II, Tranche III, Tranche IV, Tranche V, Tranche VI, Tranche VII and Tranche VIII.

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Vesting (%)	Vesting Period
25%	2 years after date of grant
25%	3 years after date of grant
50%	4 years after date of grant

Method used for accounting

The Company has adopted intrinsic value method for computing the compensation cost for the Options granted. Since the exercise price is more than the fair value of shares on the date of grant, value of options is ₹ Nil (Previous year ₹ Nil) and accordingly, no compensation cost is recognized in the books.

Had the Company followed the fair value method for valuing its options for the year, the charge to the Revenue Accounts and Profit and Loss Account would have been higher by ₹ 3,435 thousand (Previous year ₹ Nil) and profit after tax would have been lower by ₹ 3,435 thousand (Previous year ₹ Nil). Consequently, the Company's basic and diluted earnings per share would have been ₹ 2.07 and ₹ 2.05 respectively.

Movement in the options under ESOP 2009

(No. of Options)

Particulars		Transfer on Merger	Granted during the year	Exercised during the year	Lapsed during the year	O/s at the end of the year	Unvested at the end of the year	Vested at the end of the year	Weighted average price per option
Tranche VIII	As at 31.3.2017	40,000	—	—	—	40,000	40,000	—	91.00
	As at 31.3.2016	—	—	—	—	—	—	—	—
Tranche VII	As at 31.3.2017	1,227,000	—	—	—	1,227,000	1,227,000	—	80.00
	As at 31.3.2016	—	—	—	—	—	—	—	—
Tranche VI	As at 31.3.2017	135,000	—	—	—	135,000	101,250	33,750	80.00
	As at 31.3.2016	—	—	—	—	—	—	—	—
Tranche V	As at 31.3.2017	909,000	—	—	—	909,000	457,750	451,250	62.50
	As at 31.3.2016	—	—	—	—	—	—	—	—
Tranche IV	As at 31.3.2017	1,596,350	—	—	6,000	1,590,350	—	1,590,350	50.00
	As at 31.3.2016	—	—	—	—	—	—	—	—
Tranche III	As at 31.3.2017	445,500	—	—	—	445,500	—	445,500	50.00
	As at 31.3.2016	—	—	—	—	—	—	—	—
Tranche II	As at 31.3.2017	952,500	—	—	—	952,500	—	952,500	10.00
	As at 31.3.2016	—	—	—	—	—	—	—	—
Tranche I	As at 31.3.2017	763,550	—	—	—	763,550	—	763,550	10.00
	As at 31.3.2016	—	—	—	—	—	—	—	—

Fair Value Methodology:

The fair value of options on date of grant has been estimated using Black-Scholes model. The key assumptions used in Black-Scholes model for calculating fair value under ESOP 2009 Tranche I, Tranche II, Tranche III, Tranche IV, Tranche V, Tranche VI, Tranche VII and Tranche VIII as on the date of grant viz. February 10, 2010, May 25, 2010, July 25, 2011, April 24, 2012, April 30, 2013, April 25, 2014, March 16, 2015 and April 21, 2016 are as follows:

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Particulars	Risk Free Interest rate	Expected Life	Expected Volatility*	Expected dividend yield
Tranche VIII	7.41%-7.62%	4-6 years	18%	Nil
Tranche VII	7.82%-7.86%	4-6 years	13%	Nil
Tranche VI	8.75%-8.93%	4-6 years	17%	Nil
Tranche V	7.64%-7.60%	4-6 years	13%	Nil
Tranche IV	8.22%-8.49%	4-6 years	20%	Nil
Tranche III	8.22%-8.31%	4-6 years	17%	Nil
Tranche II	6.92%-7.42%	4-6 years	22%	Nil
Tranche I	7.29%-7.72%	4-6 years	32%	Nil

*Volatility of BSE Sensex for one year has been considered.

Particulars		Fair Value Method	
		For the period ended March 31, 2017	For the period ended March 31, 2016
A	Net Profit After Tax (₹ '000)	1,240,659	—
B	Less: Preference dividend	—	—
C	Weighted Average number of Equity Shares of ₹ 10/- each (Basic) (in '000)	600,466	—
D	Weighted Average number of Equity Shares of ₹ 10/- each (Diluted) (in '000)	603,907	—
E	Basic Earnings Per Share (₹)	2.07	—
F	Diluted Earnings Per Share (₹)	2.05	—

Information in respect of Options outstanding

Particulars		Exercise Price (₹)	No. of Options	Weighted Average remaining life
Tranche VIII	As at March 31, 2017	91	40,000	88 months
	As at March 31, 2016	—	—	—
Tranche VII	As at March 31, 2017	80	1,22,7000	74 months
	As at March 31, 2016	—	—	—
Tranche VI	As at March 31, 2017	80	135,000	64 months
	As at March 31, 2016	—	—	—
Tranche V	As at March 31, 2017	62.5	909,000	52 months
	As at March 31, 2016	—	—	—
Tranche IV	As at March 31, 2017	50	1,590,350	40 months
	As at March 31, 2016	—	—	—
Tranche III	As at March 31, 2017	50	445,500	31 months
	As at March 31, 2016	—	—	—
Tranche II*	As at March 31, 2017	10	952,500	41 months
	As at March 31, 2016	—	—	—
Tranche I*	As at March 31, 2017	10	763,550	38 months
	As at March 31, 2016	—	—	—

*During the year Shareholders in its Extra Ordinary General meeting held on February 3, 2017 have approved the increase in exercise period from 5 years to 7 years from the respective date of vesting in respect of unexercised options granted on February 10, 2010 and May 25, 2010 under Tranche I and Tranche II respectively of ESOP 2009.

17. SEGMENT REPORTING

The statement on segment reporting is included in **Annexure 1**.

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

18. ACCOUNTING RATIOS

The statement on accounting ratios is provided in **Annexure 2**.

19. EMPLOYEE BENEFITS

(a) Defined Contribution Plan:

(₹ '000)

Expenses on defined contribution plan	For the year ended March 31, 2017	For the year ended March 31, 2016
Contribution to Staff Provident fund	32,847	9,847
Contribution to Superannuation fund	188	—
Contribution to National Pension Scheme	2,204	—
Total	35,239	9,847

(b) Defined Benefit Plan – Gratuity :

Disclosures as per AS-15 (Revised) “Employee Benefits” for the year ended on March 31, 2017:

(₹ '000)

Sl. No.	Particulars	March 31, 2017	March 31, 2016
I.	Assumptions		
	Discount Rate	7.51%	7.85%
	Rate of increase in Compensation levels	7.00%	10.00%
	Rate of Return on Plan Assets p.a.	7.51%	Nil
II.	Table Showing Change in Benefit Obligation		
	Net liability as per books (A)	18,672	13,476
	Fair value of Assets at the beginning of the year (B)	Nil	Nil
	Shortfall/(Excess) in opening liability determined as per actuarial valuation (C)	Nil	Nil
	Opening net Liability as per actuarial valuation (A)+(B)+(C)	18,672	13,476
	Interest Cost for the year	4,537	1,432
	Service Cost for the year	15,945	5,121
	Liability taken over from Transferor Company	172,586	Nil
	Liability Transferred Out	(522)	Nil
	Benefits paid during the year	(4,626)	(866)
	Actuarial (Gain)/Loss on obligations	(15,940)	(699)
	Liabilities assumed on acquisition / settled	Nil	207
	Plan Benefit Obligation at the end of the year	190,652	18,672
III.	Tables of Fair value of Plan Assets		
	Fair Value of Plan Assets at the beginning of the year	Nil	Nil

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

(₹ '000)

Sl. No.	Particulars	March 31, 2017	March 31, 2016
	Expected Return on Plan Assets for the year	2,973	Nil
	Contributions during the year	5,659	866
	Assets taken over from Transferor Company	166,328	Nil
	Benefits Paid during the year	(2,634)	(866)
	Actuarial Gain/(Loss) on Plan Assets	(419)	Nil
	Fair Value of Plan Assets at the end of the year	171,907	Nil
IV.	The Amounts to be recognised in the Balance Sheet		
	Present Value of Obligation	(190,652)	(18,672)
	Fair Value of Plan Assets	171,907	Nil
	Liability Recognised in Balance Sheet	(18,745)	(18,672)
V.	Amounts to be recognised in the Revenue Accounts (Net Periodic Cost)		
	Current Service Cost	15,945	5,121
	Interest Cost	1,564	1,432
	Expected Return on Plan Assets	Nil	Nil
	Net actuarial Gain/(Loss) recognised in the year	(15,521)	(699)
	Actuarial determined charge for the year (A)	1,987	5,855
	Shortfall/(Excess) (B)	Nil	Nil
	Total Charge as per books (A+B)	1,987	5,855
	(expense is disclosed in the line item - Employees' remuneration and welfare benefit)		
VI.	Movements in the liability recognised in the Balance Sheet:		
	Net Liability as per books (A)	18,672	13,476
	Shortfall/(Excess) in opening liability determined as per actuarial valuation (B)	Nil	Nil
	Opening net liability (A+B)	18,672	13,476
	Expense as above	1,987	5,855
	Net Liability / (Asset) Transfer In	6,259	Nil
	Net (Liability) / Asset Transfer Out	(522)	Nil
	Contribution paid	(7,651)	(659)
	Closing Net Liability	18,745	(18,672)
VII.	Actual Return on Plan Assets		
	Expected return on Plan Assets	2,973	Nil
	Actuarial Gain/(Loss) on Plan Assets	(419)	Nil
	Actual return on Plan assets	2,554	Nil

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

Experience adjustments

(₹ '000)

Particulars	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Defined Benefit Obligation	190,652	18,672	13,476	12,910	10,923
Plan Assets	171,907	—	—	—	—
Surplus/(Deficit)	(18,745)	(18,672)	(13,476)	(12,910)	(10,923)
Experience Adjustment on Plan Liabilities	(5,019)	(875)	(3,865)	(2,879)	(2,375)
Experience Adjustment on Plan Assets	(419)	—	—	—	—

Investment Pattern of Gratuity Funds*:

Particulars	Invested as on March 31, 2017		Invested as on March 31, 2016	
	Secure Managed Fund	Liquid Fund	Secure Managed Fund	Liquid Fund
Government Securities	36%	—	—	—
Debentures/Bonds	59%	—	—	—
Deposits, Money Market Securities and Net Current Assets	5%	100%	—	—
Total	100%	100%	—	—

*Pursuant to the Scheme sanctioned by the NCLT for the State of Maharashtra; the Plan Assets and Liability for the gratuity are transferred from Transferor Company to Transferee Company. Therefore the relevant employee benefit status has changed to being funded w.e.f. January 1, 2017.

The funds are managed by HDFC Standard Life Insurance Company Limited. Secure Managed Fund constitutes 87% (Previous Year 82%) and Liquid Fund constitutes 13% (Previous Year 18%) of the total fund balance.

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The contribution expected to be made by the Company during the financial year 2017-18, amounts to ₹ 56,362 thousand (Previous year ₹ Nil).

20. RELATED PARTY DISCLOSURE

As per the Accounting Standard (AS) 18 on 'Related Party Disclosures', the related parties of the Company are as follows:

I. Upto September 8, 2016

(a) Names of the related parties and description of relationship:

Holding Company

Larsen & Toubro Limited

Fellow subsidiaries (with whom company has transactions)

L&T Valves Ltd.

BPP Tollway Ltd.

CSJ Infrastructure Pvt. Ltd.

Family Credit Ltd.

Kudgi Transmission Ltd.

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

L&T Hydrocarbon Engineering Ltd.
L&T Vrindavan Properties Ltd.
L&T South City Projects Ltd.
L&T Access Distribution Services Ltd.
L&T Ahmedabad Maliya Tollway Ltd.
L&T Chennai Tada Tollway Ltd.
L&T Chiyoda Ltd.
L&T Construction Equipment Ltd.
L&T Devihalli Hassan Tollway Pvt Ltd.
L&T Finance Ltd.
L&T Fincorp Ltd.
L&T Halol Shamlaji Tollway Ltd.
L&T Housing Finance Ltd.
L&T Infrastructure Development Projects Pvt. Ltd.
L&T Kobelco Machinery Pvt. Ltd.
L&T Krishnagiri Thopur Toll Road Ltd.
L&T Krishnagiri Walajahpet Tollway Ltd.
L&T Metro Rail Hyderabad Ltd.
L&T Mhi Turbine Generators Pvt. Ltd.
L&T Samakhiali Gandhidham Tollway Pvt. Ltd.
L&T Shipbuilding Ltd.
L&T Valdel Engineering Ltd.
L&T Western Andhra Tollways Ltd.
L&T Mhi Boilers Pvt. Ltd.
L&T Infotech Ltd.
L&T Finance Holdings Ltd.
L&T Transportation Infrastructure Ltd.
L&T Rajkot Vadinar Tollway Ltd.
L&T Vadodara Bharuch Tollway Ltd.
L&T Technology Services Ltd.
L&T Special Steel & Heavy Forgings Pvt. Ltd.
L&T Uttranchal Hydropower Ltd.
PNG Tollway Ltd.
Salzer Electronics Ltd.
Spectrum Infotech Pvt. Ltd.

II From September 9, 2016 till December 31, 2016

(b) Names of the related parties and description of relationship:

Holding Company

HDFC ERGO General Insurance Company Limited

Ultimate Holding Company

Housing Development Finance Corporation Limited (HDFC Ltd)

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

Investing Party and its group companies

Munich Re

Key Management Personnel and Relatives of Key Management Personnel

Mr. Mukesh Kumar, Managing Director & CEO

Mr. Anurag Sinha, Spouse of Ms. Mitikshara Kumar, Daughter of Mukesh Kumar - Managing Director & CEO

III From January 1, 2017 till March 31, 2017.

(c) Names of the related parties and description of relationship:

Holding Company

Housing Development Finance Corporation Limited (HDFC Limited)

Fellow subsidiaries (with whom company has transactions)

HDFC Developers Limited

HDFC Asset Management Company Limited

HDFC Standard Life Insurance Company Limited

HDFC Realty Limited

GRUH Finance Limited

HDFC Sales Private Limited

HDFC Property Ventures Limited

HDFC Credila Financial Services Private Limited

HDFC Education and Development Services Private Limited

Haddock Properties Private Limited

Pentagram Properties Private Limited

Windermere Properties Private Limited

HDFC Pension Management Company Limited

Entities over which control is exercised

HDFC Investment Trust

HDFC Investment Trust II

Investing Party and its group companies

ERGO International AG

Munich Re

Key Management Personnel and Relatives of Key Management Personnel

Mr. Ritesh Kumar, Managing Director and CEO

Ms. Reena Kumar, Spouse of Ritesh Kumar (MD & CEO)

Ms. Saloni Kumar, Daughter of Ritesh Kumar (MD & CEO)

Mr. Amish Kumar Agarwal, Brother of Ritesh Kumar (MD & CEO)

Mr. Mukesh Kumar, Executive Director

Mr. Anurag Sinha, Spouse of Ms. Mitikshara Kumar, Daughter of Mukesh Kumar - ED

Mr. Anuj Tyagi, Executive Director

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

(d) Details of Transactions (Upto September 8, 2016):

(₹ '000)

Particulars	Holding Company		Fellow subsidiaries*	
	For the Period April 01, 2016 to September 08, 2016	Year ended March 31,2016	For the Period April 01, 2016 to September 08, 2016	Year ended March 31, 2016
INCOME				
Premium from direct business written-net of service tax	29,765	76,038	26,616	110,431
Total	29,765	76,038	26,616	110,431
EXPENSES				
Rent, rates and taxes	1,756	4,005	46,415	69,331
Electricity expenses	225	—	126	395
Claims paid direct	60,767	34,089	10,406	26,948
Commission paid	—	—	2,521	32,457
Information Technology Expenses	1,047	3,181	8,547	2,551
Legal and Professional charges	4,501	8,454	—	30
Employees' remuneration and welfare benefits	988	5,624	26,276	94,581
Office Maintenance	193	33	1,177	3,144
Others	48	751	—	—
Total	69,525	56,137	95,468	229,437
ASSETS				
Information Technology Equipments	—	—	10,600	—
Intangible Software	—	—	—	4,697
Deposit for Premises	—	—	164	172
Furniture & Fittings	—	29	—	—
Total	—	29	10,764	4,869
LIABILITIES				
Transactions during the year:				
- Share Capital	470,000	850,000	—	—
Unallocated premium	—	—	—	8,100
Total	470,000	850,000	—	8,100

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Transactions included in (d) above which are in excess of 10% of the total related transactions of the same type are given below for the Period April 01, 2016 to September 08, 2016:

(₹ '000)

Particulars	Family Credit Ltd.	L&T Vrindavan Properties Ltd.	L&T Access Distribution Services Ltd.	L&T Finance Holdings Ltd.
EXPENSES				
Rent, rates and taxes	531	2,349	—	—
Commission paid	—	—	2,521	—
Employees' remuneration and welfare benefits	—	—	—	16,579
Office Maintenance	—	1,177	—	—
Total	531	3,526	2,521	16,579
ASSETS				
Deposit for Premises	117	—	—	—
Total	117	—	—	—

Transactions included in (d) above which are in excess of 10% of the total related transactions of the same type are given below for the Period April 01, 2016 to September 08, 2016:

(₹ '000)

Particulars	L&T Finance Ltd.	L&T Fincorp Ltd.	L&T Housing Finance Ltd.	L&T Infotech Ltd.
INCOME				
Premium from direct business written-net of service tax	2,556	—	13,049	7
Total	2,556	—	13,049	7
EXPENSES				
Rent, rates and taxes	34,685	8,575	276	—
Electricity expenses	126	—	—	—
Claims paid direct	—	—	649	92
Information Technology Expenses	6,870	—	—	1,677
Employees' remuneration and welfare benefits	9,697	—	—	—
Total	51,378	8,575	925	1,769
ASSETS				
Information Technology Equipments	10,600	—	—	—
Deposit for Premises	—	—	47	—
Total	10,600	—	47	—

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Transactions included in (d) above which are in excess of 10% of the total related transactions of the same type are given below for the Financial Year 2015-2016:

(₹ '000)

Particulars	L&T Chennai Tada Tollway Ltd.	L&T Vrindavan Properties Ltd.	L&T Access Distribution Services Ltd.	L&T Finance Holdings Ltd.
INCOME				
Premium from direct business written-net of service tax	3,809	—	—	105
Total	3,809	—	—	105
EXPENSES				
Rent, rates and taxes	—	4,753	—	—
Claims paid direct	7,314	—	—	—
Commission paid	—	—	32,457	—
Employees' remuneration and welfare benefits	—	—	—	38,222
Office Maintenance	—	3,144	—	—
Total	7,314	7,897	32,457	38,222
LIABILITIES				
Transactions during the year:				
Unallocated premium	—	—	8,100	—
Total	—	—	8,100	—

Transactions included in (d) above which are in excess of 10% of the total related transactions of the same type are given below for the Financial Year 2015-2016:

(₹ '000)

Particulars	L&T Finance Ltd.	L&T Fincorp Ltd.	L&T Housing Finance Ltd.	L&T Infotech Ltd.
INCOME				
Premium from direct business written-net of service tax	3,006	—	42,657	1,187
Total	3,006	—	42,657	1,187
EXPENSES				
Rent, rates and taxes	38,725	25,852	—	—
Electricity expenses	395	—	—	—
Claims paid direct	—	—	4,598	—
Information Technology Expenses	293	—	—	2,259
Employees' remuneration and welfare benefits	55,313	—	—	—
Total	94,726	25,852	4,598	2,259
ASSETS				
Intangible Software	—	—	—	4,697
Deposit for Premises	172	—	—	—
Total	172	—	—	4,697

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

(e) Details of Transactions (From September 9, 2016 till December 31, 2016):

(₹ '000)

Particulars	Ultimate Holding Company	Holding Company	Investing Party and its group companies
	For the Period September 09, 2016 to December 31, 2016	For the Period September 09, 2016 to December 31, 2016	For the Period September 09, 2016 to December 31, 2016
INCOME			
Interest	6,797	—	—
Commission received on Reinsurance ceded	—	—	10,114
Claims on Re-insurance ceded	—	—	6,607
Total	6,797	—	16,721
EXPENSES			
Rent, rates and taxes	—	1,885	—
Employees' remuneration and welfare benefits	—	(72,082)	—
Premium on Reinsurance ceded	—	—	44,065
Total	—	(70,197)	44,065
ASSETS			
Investments	140,811	—	—
Interest accrued on Investments	7,291	—	—
Total	148,102	—	—
LIABILITIES			
Transactions during the year:			
- Share Capital	—	150,000	—
Balance due to other insurance companies	—	—	27,343
Total	—	150,000	27,343

(f) Details of Transactions (From January 1, 2017 till March 31, 2017):

(₹ '000)

Particulars	Holding Company	Subsidiary and Fellow subsidiaries*	Investing Party and its group companies	Key Management Personnel
	For the period ended January 1, 2017 to March 31, 2017	For the period ended January 1, 2017 to March 31, 2017	For the period ended January 1, 2017 to March 31, 2017	For the period ended January 1, 2017 to March 31, 2017
INCOME				
Interest, Dividend and Rent-Gross	42,984	2,885	—	—
Premium from direct business written-net of service tax	316	4,556	—	84
Commission received on Reinsurance ceded	—	—	90,707	—
Claims on Re-insurance ceded	—	—	100,827	—
Other Income	—	—	—	—
Total	43,300	7,441	191,534	84

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

(₹ '000)

Particulars	Holding Company	Subsidiary and Fellow subsidiaries*	Investing Party and its group companies	Key Management Personnel
	For the period ended January 1, 2017 to March 31, 2017	For the period ended January 1, 2017 to March 31, 2017	For the period ended January 1, 2017 to March 31, 2017	For the period ended January 1, 2017 to March 31, 2017
EXPENSES				
Rent, rates and taxes	15,851	—	—	—
Electricity expenses	183	—	—	—
Name Usage Fees	237,382	—	—	—
Claims paid direct	—	471	—	—
Commission paid	—	72,799	—	—
Premium on Reinsurance ceded	—	—	243,558	—
Interest on Debentures	—	—	50,618	—
Dividend	—	—	—	—
Legal and Professional charges	—	—	—	—
Employees' remuneration and welfare benefits	—	—	—	23,264
Insurance Premium	—	7,226	—	—
Others	2,419	—	—	—
Total	255,835	80,496	294,176	23,264
ASSETS				
Investments	2,648,941	121,502	—	—
Income accrued on investments	93,575	224	—	—
Total	2,742,516	121,726	—	—
LIABILITIES				
Transactions during the year:				
- Share Capital	308,780	—	296,671	—
- Share Premium	2,501,114	—	2,403,031	—
Unallocated premium	5,651	9,712	—	—
Agents' Balances	52	29,897	256,980	—
Debentures	—	—	1,700,000	—
Balance due to other insurance companies	—	—	—	—
Other Payables	249,251	—	47,879	—
Total	3,064,848	39,609	4,704,561	—

* includes transaction with HDFC Investment Trust & HDFC Investment Trust II (Entity over which control is exercised by the Holding Company)

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Transactions included in (f) above which are in excess of 10% of the total related transactions of the same type are given below for the period ended January 1, 2017 to March 31, 2017:

(₹ '000)

Particulars	HDFC Standard Life Insurance Company Limited	HDFC Sales Private Limited	HDFC Realty Limited	HDFC Asset Management Company Limited
INCOME				
Interest, Dividend and Rent-Gross	—	—	—	—
Premium from direct business written-net of service tax	2,504	1,619	—	—
Commission received on Reinsurance ceded	—	—	—	—
Claims on Re-insurance ceded	—	—	—	—
Total	2,504	1,619	—	—
EXPENSES				
Rent, rates and taxes	—	—	—	—
Electricity expenses	—	—	—	—
Claims paid direct	472	—	—	—
Commission paid	—	72,799	—	—
Premium on Reinsurance ceded	—	—	—	—
Dividend	—	—	—	—
Interest on Debentures	—	—	—	—
Legal and Professional charges	—	—	—	—
Employees' remuneration and welfare benefits	—	—	—	—
Insurance Premium	7,226	—	—	—
Others	—	—	—	—
Total	7,698	72,799	—	—
ASSETS				
Investments	—	—	—	—
Income accrued on investments	—	—	—	—
Total	—	—	—	—
LIABILITIES				
Transactions during the year				
- Share Capital	—	—	—	—
- Share Premium	—	—	—	—
Unallocated premium	432	176	1,865	6,854
Agents' Balances	—	29,897	—	—
Debentures	—	—	—	—
Others Payables	—	—	—	—
Total	432	30,073	1,865	6854

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Transactions included in (f) above which are in excess of 10% of the total related transactions of the same type are given below for the period ended January 1, 2017 to March 31, 2017:

(₹ '000)

Particulars	Munich Re	ERGO International AG	Ritesh Kumar (Incl. relatives) (KMP)	Mukesh Kumar (Incl. relatives) (KMP)	Anuj Tyagi (Incl. relatives) (KMP)
INCOME					
Interest, Dividend and Rent-Gross	—	—	—	—	—
Premium from direct business written-net of service tax	—	—	40	21	23
Commission received on Reinsurance ceded	90,707,911	—	—	—	—
Claims on Re-insurance ceded	100,827	—	—	—	—
Total	191,534	—	40	21	23
EXPENSES					
Rent, rates and taxes	—	—	—	—	—
Electricity expenses	—	—	—	—	—
Claims paid direct	—	—	—	—	—
Commission paid	—	—	—	—	—
Premium on Reinsurance ceded	243,558	—	—	—	—
Dividend	—	—	—	—	—
Interest on Debentures	—	50,618	—	—	—
Legal and Professional charges	—	—	—	—	—
Employees' remuneration and welfare benefits	—	—	12,917	5,336	5,011
Insurance Premium	—	—	—	—	—
Others	—	—	—	—	—
Total	243,558	50,618	12,917	5,336	5,011
ASSETS					
Investments	—	—	—	—	—
Income accrued on investments	—	—	—	—	—
Total	—	—	—	—	—
LIABILITIES					
Transactions during the year					
- Share Capital	—	296,671	—	—	—
- Share Premium	—	2,403,031	—	—	—

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

(₹ '000)

Particulars	Munich Re	ERGO International AG	Ritesh Kumar (Incl. relatives) (KMP)	Mukesh Kumar (Incl. relatives) (KMP)	Anuj Tyagi (Incl. relatives) (KMP)
Unallocated premium	—	—	—	—	—
Agents' Balances	256,980	—	—	—	—
Debentures	—	1,700,000	—	—	—
Others Payables	—	47,879	—	—	—
Total	256,980	4,447,581	—	—	—

21. LOAN RESTRUCTURING

The Company has not given any loans in the financial year 2016-17 (Previous year ₹ Nil)

22. SUMMARY OF FINANCIAL STATEMENTS

The summary of financial statements is provided in **Annexure 3**.

23. FOREIGN EXCHANGE GAIN/(LOSS) (NET)

- During the year foreign exchange Gain (Net) earned by the Company is ₹ 18,123 thousand (Previous year ₹ 1,982 thousand) (included in Schedule 4 - Operating Expenses, under the head "Miscellaneous Expenses.")
- The year end foreign currency exposure is ₹ Nil (Previous year ₹ Nil).

24. (a) CONTRIBUTION TO TERRORISM POOL

The Company is a participant in and has received the Terrorism Pool retrocession of premium in the current financial year. Accordingly, as per the statement received from the Pool managers, the Company has recognized the pool retrocession for one quarter ended March 31, 2016 and for the three quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, the accounts of which were received till the end of the financial year.

(b) SOLATIUM FUND

The IRDAI had asked the General Insurance Council ("the Council") to recommend the percentage of contribution to be made to a Solatium Fund and matters relating to the administration of the Fund. The Council has decided that The New India Assurance Company Limited would administer the fund. The Council in its meeting held on May 6, 2005 approved the contribution of 0.10% of the motor gross written premium with effect from the date of commencement of business, for private insurance companies.

Vide letter dated July 26, 2010, the Council recommended the companies w.e.f April 1, 2010 to contribute 0.10% of all the third party premium written as Solatium Fund to the administrator on demand. However, during the year the Company has provided charge to the Revenue Accounts of ₹ 3,001 thousand (Previous year ₹ 993 thousand) on an accrual basis (see accounting policy in paragraph 2(t) above) and disclosed under Current Liabilities.

(c) CONTRIBUTIONS TO ENVIRONMENT RELIEF FUND

During the year, an amount of ₹ 924 thousand (Previous year ₹ 417 thousand) was collected towards Environment Relief Fund for public liability policies and an amount of ₹ 461 thousand (Previous year ₹ 374 thousand) has been transferred to "United India Insurance Company Limited, Environment Fund Account" as per Notification of Environment Relief Fund (ERF) scheme under the public liability Insurance Act, 1991 as

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

amended. The balance amount of ₹ 552 thousand (Previous year ₹ 43 thousand) is included under balance due to other Insurance Companies in Schedule 13.

25. EARNINGS PER SHARE (EPS)

Sr.No.	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
1	Net Profit After Tax for the year (₹ '000)	1,244,094	(1,020,157)
2	Weighted Average No. of Equity Shares for Basic (₹ '000)	600,466	639,995
3	Weighted Average No. of Equity Shares for Diluted (₹ '000)	603,907	639,995
4	Basic Earnings per Share (₹)	2.07	(1.59)
5	Diluted Earnings per Share (₹)	2.06	(1.59)
6	Nominal Value Per Share (₹)	10.00	10.00

There are 3,441 thousand (Previous year Nil) dilutive potential equity shares outstanding during the year.

- 26.** According to the information available with the Company there are no dues (Previous year ₹ Nil) including any overdue amount (Previous year Nil) interest due thereon (Previous year ₹ Nil) and interest paid during the year (Previous year Nil) to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2017.
- 27.** Professional fees include payments made for various outsourced services amounting to ₹ 118,201 thousand (Previous year ₹ 894,357 thousand) (disclosed as per the requirement of IRDAI circular no. 067/IRDA/F&A/CIR/MAR-08 dated March 28, 2008).

28. PREMIUM DEFICIENCY

There is no premium deficiency for the Company on an overall basis in accordance with para 2(2) of Schedule II of Insurance Regulatory and Development Authority of India (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations, 2016 (Previous year ₹ Nil).

29. INDIAN MOTOR THIRD PARTY DECLINED RISK INSURANCE POOL (IMTPDRIP)

IRDAI vide its orders IRDA/NL/ORD/MPL/277/12/2011 dated December 23, 2011 and IRDA/NL/ORD/MPL/72/03/2012 dated March 22, 2012, had directed the formation of the Indian Motor Third Party Declined Risk Insurance Pool for standalone third party liability insurance for commercial vehicles (Liability only) (excluding Miscellaneous and special class of vehicles falling under erstwhile All India Motor Tariff) with effect from April 1, 2012.

The Company has accounted retrocession premium of ₹ 8,945 thousand, claims on retrocession of ₹ 13,418 thousand and share of expenses of ₹ 1,243 thousand, for the period April 1, 2015 to March 31, 2016 basis of audited clean cut settlement statement received from the pool administrator.

IRDAI vide its Circular No. IRDA/NL/CIR/MISC/051/03/2016 dated March 15, 2016 has directed the dismantling of the Indian Motor Third Party Declined Risk Insurance Pool (IMTPDRIP) with effect from April 1, 2016, as the Insurance Laws (Amendment) Act, 2015, which were notified on March 23, 2015, mandated the completion of certain minimum motor third party insurance business in the manner specified by IRDAI.

30. STATEMENT SHOWING THE AGE-WISE ANALYSIS OF THE UNCLAIMED AMOUNT OF POLICYHOLDERS

The statement of age-wise analysis of the unclaimed amount of policyholders is provided in **Annexure 4**.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

31. FIXED ASSETS AND DEPRECIATION

During the current year, the Transferee Company has revised the estimated useful lives of its assets. The estimation has been based on the internal assessment carried out by the technical team and on the long term asset replacement experience. Accordingly, the useful lives of its assets are equal to or less than the useful life specified in Part C of Schedule II to the Companies Act, 2013 except in case of Information Technology Equipment (other than servers and networks).

The estimated useful life of the assets used is as under:

Nature of asset	Existing effective useful life (in years)	Useful life as per Schedule II to the Companies Act, 2013 (in years)	Revised useful life (in years)
Furniture and fittings	3	10	10
Office Equipment	4	5	5
Information Technology Equipment	3	6	4
Computer Software	6	—	4

Had the Company followed the earlier useful life, the charge to the Revenue Account would have been higher by ₹ 8,271 thousand (Previous Year ₹ Nil).

Pursuant to the Scheme sanctioned by the NCLT for the State of Maharashtra, the Fixed Assets of the Transferor Company were transferred to the Transferee Company. However the useful life of the Fixed Assets is in line with the Transferee Company.

32. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Ministry of Corporate Affairs has notified Section 135 of the Companies Act, 2013 on Corporate Social Responsibility with effect from April 1, 2014. As per the provisions of the said Section, the Company does not have an obligation to comply with the said provisions, however, the Company, on its own free will has undertaken the CSR initiatives such as “Adopt Village” concept called “Gaon Mera” program, Providing ration and solar lanterns, Providing financial support for creating better classroom environment, mentally retarded children and for setting up Bakery vocational skill training, Eye checkups and cataract surgery during the financial year 2016-17.

The Gross amount required to be spent by the Company on CSR initiatives is ₹ Nil (Previous year ₹ Nil).

The amount spent during the year is as follows:

(₹ '000)

Sr. No.	Particulars	Incurred and Paid For the year ended March 31, 2017	Incurred and Paid For the year ended March 31, 2016
1.	Construction/acquisition of any asset	Nil	Nil
2.	On purposes other than (i) above	13,791	Nil

33. PROVISION FOR FREE LOOK PERIOD

The provision for Free Look period is ₹ Nil (Previous year ₹ Nil), as certified by the Appointed Actuary.

34. DISCLOSURE ON OTHER WORK GIVEN TO AUDITORS

Pursuant to clause 7.1 (g) of Corporate Governance Guidelines issued by IRDAI on May 18, 2016 the services of the statutory auditors are disclosed below:

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

(₹ '000)

Name of the auditor	Services rendered	For the year ended March 31, 2017	For the year ended March 31, 2016
G. M. Kapadia & Co.	Review of quarterly financial information	200	—
	Certification	1,653	—
B. K. Khare & Co.	Tax Audit	515	—
	Certification	65	—
Kirtane & Pandit	Review of Quarterly financial information	276	430
Chhajed & Doshi	Review of Quarterly financial information	287	414
	Certification	80	280
	Tax Audit FY 2015-16	—	400

35. PENALTIES LEVIED BY VARIOUS GOVERNMENT AUTHORITIES

(₹ '000)

Sr. No.	Authority	Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority	(N.A.) Order of on-site inspection during 2013	1,500* (5,000)	1,500* (5,000)	Nil (Nil)
2	Service Tax Authorities	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
3	Income Tax Authorities	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4	Any other Tax Authorities	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
5	Enforcement Directorate/ Adjudicating Authority/Tribunal or any Authority under FEMA	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6	Registrar of Companies/ NCLT/ CLB/Department of Corporate Affairs or any Authority under Companies Act, 2013/1956	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
8	Securities and Exchange Board of India	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
9	Competition Commission of India	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
10	Any other Central/State/Local Government/Statutory Authority	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)

(Previous year's figures are in brackets)

* The above mentioned Penalty is awarded to the Transferor Company by IRDAI.

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

- 36.** Pursuant to the Scheme sanctioned by the NCLT for the State of Maharashtra, the issued, subscribed and paid-up share capital of the Transferee Company shall stand cancelled and reduced by the amount of accumulated losses of the Transferee Company as on the appointed Date without any further act, deed on the part of the Transferee Company. The net capital reduction amounted to ₹ 2,213,900 thousand as on January 1, 2017.
- 37.** During the year the Company has created Debenture redemption reserve of ₹ 97,200 thousand on 10 years 3,500 nos. of 7.60% Unsecured, Subordinated, Fully paid up, Listed, Redeemable Non-Convertible Debentures (NCDs) having face value of ₹ 1,000 thousand each, for cash at par under NCD Series 2016-17/1 with a call option after 5 years.
- 38.** The disclosure requirement as mentioned in Notification G.S.R 308(E) dated 30th March 2017 is not applicable to the Company, since. Schedule III (i.e. General Instruction for Preparation of Balance Sheet & Statement of Profit and Loss of a Company) of Companies Act, 2013 is not applicable to the Company.
- 39.** Had the Company followed the previous year's accounting policy of allocation and apportionment of operating expenses to business segments on net written premium of the respective business segment, the operating loss of the Fire business segment would have been lower by ₹ 238,006 thousand, for Marine business segment the operating loss would have been lower by ₹ 38,056 thousand and for Miscellaneous business segment the operating profit would have been lower by ₹ 276,061 thousand. However, there is no impact on the Profit / (Loss) before tax of the Company due to change in the above accounting policy.
- 40.** In view of the merger the figures of the current year are not comparable with those of the previous year.

Further, previous year figures have been regrouped in respect of following items for better presentation, understanding and comparable with those of the current year. Previous year figures have been regrouped / reclassified as follows:

A) BALANCE SHEET

(₹ '000)

SI No.	Account Head	Regrouped from Schedule	Regrouped to Schedule	Amount
1	Insurance Stamp on hand	Schedule No.- 12 Advances & Other Assets	Schedule No.- 11 Cash & Bank Balances	629
2	Service Tax unutilised credit.	Schedule No.- 13 Current Liabilities	Schedule No.- 12 Advances & Other Assets	733
3	Receivable from Reinsurer	Schedule No.- 13 Current Liabilities	Schedule No.- 12 Advances & Other Assets	10,511
4	Receivable from Agents	Schedule No.- 13 Current Liabilities	Schedule No.- 12 Advances & Other Assets	21
5	Receivable from Brokers	Schedule No.- 13 Current Liabilities	Schedule No.- 12 Advances & Other Assets	1,189

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

B) Profit & Loss Account and Revenue Account				(₹ '000)
Sl No.	Account Head	Regrouped from Schedule	Regrouped to Schedule	Amount
1	TPA Fees	Schedule No.4 - Operating Expenses Related To Insurance Business	Schedule 2 - Claims Incurred	24,678
2	Pre Inspection Charges	Schedule No.4 - Operating Expenses Related To Insurance Business	Schedule 2 - Claims Incurred	11,289
3	Contribution to Solatium Fund	Schedule No.4 - Operating Expenses Related To Insurance Business	Schedule 2 - Claims Incurred	994
4	Donations	Profit & Loss Account	Schedule No.4 - Operating Expenses Related To Insurance Business	649
5	Investment Management Expenses	Profit & Loss Account	Schedule No.4 - Operating Expenses Related To Insurance Business	4,482
6	Directors Fees	Profit & Loss Account	Schedule No.4 - Operating Expenses Related To Insurance Business	600

For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman
(DIN : 00009078)

Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)

Mukesh Kumar
Executive Director
(DIN: 06864359)

Samir H. Shah
Member of Executive Management & CFO
Membership No.: FCA 045476

Anuj Tyagi
Executive Director
(DIN : 07505313)

Dayananda V. Shetty
Company Secretary
Membership No.: FCS 4638

Directors

Keki M. Mistry
(DIN : 00008886)

Independent Directors

Dr. Jagdish Khattar
(DIN : 00013496)

Mehernosh B. Kapadia
(DIN:00046612)

Arvind Mahajan
(DIN : 07553144)

Mumbai,
Dated: August 18, 2017

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Annexure 1

Segmental Breakup of the Balance Sheet as at March 31, 2017

Segment revenue and segment results have been incorporated in the financial statements. However given the nature of business, segment assets and liabilities, have been allocated amongst various segments to the extent possible.

(₹ '000)

Particulars	Fire	Marine	Miscellaneous	Unallocated	Total
Claims Outstanding	674,092	538,539	22,904,375	—	24,117,006
(Refer note 2(h) and 28 of Schedule 16)	(158,986)	(38,997)	(2,658,424)	—	(2,856,407)
Reserve for Unexpired Risk	1,770,340	121,000	16,284,651	—	18,175,991
	(119,528)	(48,855)	(2,055,805)	—	(2,224,188)

(Previous year's figures are in brackets)

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2017

Annexure 1

(₹ '000)

	Fire	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmens Compensation	Public Liability	Product Liability	Other Engineering Liabilities	Aviation	Personal Accident	Health	Home	Specialty *	Weather/ Crop	Others	Total	
Premium Earned (Net) (Schedule - A)	252,370	197,543	(263)	5,359,951	3,243,928	2,107,078	8,945	66,519	7,580	1,230	33,654	97,379	(37,656)	775,001	1,450,312	3,083	46,711	1,512,801	125,805	9,891,020
Profit on Sale of Investments	26,960	7,345	55	287,684	66,563	222,131	-	2,026	199	167	1,536	4,503	1,698	51,822	47,618	333	1,945	30,059	5,099	469,049
Interest, Rent and Dividend (Net of Amortisation)	72,815	19,784	148	774,863	176,564	598,299	-	5,457	537	451	4,136	12,129	4,573	1,39,579	1,28,257	899	5,238	80,961	13,733	1,263,360
Investment Income from Pool	13,784	-	-	-	-	-	-	-	-	-	-	2,432	-	-	-	-	-	-	-	16,216
Other Income	129	101	-	2,746	1,665	1,081	-	34	4	1	17	49	-	398	744	2	23	776	65	5,089
Total Segmental Revenue	365,659	224,773	(60)	6,425,244	3,487,710	2,928,599	8,945	74,036	8,320	1,849	39,343	116,494	(31,386)	966,800	1,626,931	4,317	52,917	1,624,597	144,702	11,644,734
Claims Incurred (Net) (Schedule - B)	119,762	144,111	612	4,870,716	2,388,727	2,483,644	(2,652)	45,564	(121)	8,904	19,545	59,733	91,342	106,269	816,654	(1,613)	(25,196)	1,474,569	(32,877)	7,697,973
Commission (Net) (Schedule - C)	(59,271)	8,820	(2,567)	(45,115)	77,764	(122,879)	-	3,566	186	(318)	1,558	(44,220)	415	(98,409)	(332,532)	570	1,028	(1,011,225)	(6,629)	(1,524,143)
Operating Expenses Related to Insurance Business (Schedule - D)	383,115	57,064	29,114	1,362,295	704,820	660,342	133	10,754	1,951	3,154	21,116	101,605	15,106	258,513	470,888	1,736	20,537	1,844,162	70,441	4,651,511
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenditure	443,606	209,995	27,159	6,187,896	3,169,311	3,021,104	(2,519)	59,884	2,016	11,720	42,219	117,118	106,863	326,373	954,990	693	(3,631)	2,307,506	30,935	10,825,341
Segmental Profit/(Loss)	(77,946)	14,778	(27,219)	237,348	318,399	(92,515)	11,464	14,151	6,304	(9,871)	(2,876)	(624)	(188,249)	640,427	671,941	3,624	56,548	(682,909)	113,767	819,393

* Includes - 1. Directors' and officers' liability
2. Mutual fund assets protection

SCHEDULE - A to Annexure 1

(₹ '000)

	Fire	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmens Compensation	Public Liability	Product Liability	Other Engineering Liabilities	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total	
PREMIUM EARNED (NET)																				
(Refer note 8 and 9 of Schedule 16)																				
Premium from direct business written	1,601,534	259,790	137,212	7,252,284	4,251,344	3,000,940	-	48,873	8,866	14,244	95,962	420,117	50,948	1,256,202	2,495,992	7,888	91,950	8,181,574	318,228	22,241,664
Add: Premium on Re-insurance accepted	192,327	9,072	(32)	8,945	-	-	8,945	-	-	-	-	50,944	17,702	159	-	-	1,382	-	1,891	282,390
Less: Premium on Re-insurance ceded	(4,459,552)	(165,189)	(137,749)	(1,877,387)	(1,110,853)	(766,534)	-	(2,997)	199	(13,075)	(76,061)	(397,911)	(65,116)	(856,282)	(1,027,331)	(2,685)	(62,637)	(6,668,035)	(193,874)	(12,532,702)
Net Premium	334,309	103,673	(589)	5,383,842	3,140,491	2,234,406	8,945	45,876	9,065	1,169	19,881	73,150	5,534	871,079	1,468,661	5,203	30,695	1,513,539	126,245	9,991,352
Add/(Less): Adjustment for changes in reserve for unexpired risks	(81,839)	93,870	306	(23,891)	103,437	(127,328)	-	20,643	(4,485)	61	13,773	24,229	(43,190)	(96,078)	(18,349)	(2,120)	15,016	(738)	(440)	(100,332)
Total Premium Earned	252,370	197,543	(263)	5,359,951	3,243,928	2,107,078	8,945	66,519	7,580	1,230	33,654	97,379	(37,656)	775,001	1,460,312	3,083	46,711	1,512,801	125,805	9,891,020

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2017 (Continued)
SCHEDULE - B to Annexure 1

	Fire	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total	
CLAIMS INCURRED (NET)																					
(Refer note 7 of Schedule 16)																					
Claims paid direct	1,168,597	316,095	2,318	4,303,025	2,882,314	1,420,711	-	16,658	361	247	190,767	209,476	52	303,295	1,176,466	2,005	91,161	2,485,659	197,534	10,463,116	
Add: Claims on Re-insurance accepted	31,912	13,689	-	13,418	-	-	13,418	-	-	-	-	3,339	44,310	-	1,196	-	-	-	-	107,874	
Less: Re-insurance ceded	(990,470)	(125,044)	(2,140)	(806,354)	(583,964)	(222,490)	-	(841)	(290)	(242)	(190,628)	(132,134)	(1,204)	(58,909)	(270,231)	(123)	(90,906)	(1,900,900)	(101,625)	(4,672,042)	
Net Claims paid	210,039	204,750	178	3,510,089	2,298,450	1,198,221	13,418	15,817	71	5	139	80,681	43,158	244,386	907,431	1,882	255	584,158	95,909	5,896,948	
Add: Claims Outstanding at the end of the year	674,091	533,436	5,103	17,671,521	1,073,103	16,598,418	-	126,451	8,496	15,251	81,018	210,854	113,997	453,957	893,892	6,870	94,860	3,035,156	192,053	24,117,006	
Less: Claims Outstanding on account of Merger as on January 1, 2017	(605,382)	(555,078)	(4,669)	(13,861,636)	(759,650)	(13,101,986)	-	(88,367)	(8,222)	(6,352)	(61,612)	(154,420)	(65,813)	(568,534)	(912,945)	(10,365)	(120,311)	(2,144,745)	(295,729)	(19,461,574)	
Less: Claims Outstanding at the beginning of the year	(158,986)	(38,997)	-	(2,449,258)	(222,176)	(2,211,012)	(16,070)	(8,337)	(466)	-	-	(77,383)	-	(25,539)	(72,324)	-	-	-	-	(25,116)	(2,656,406)
Total Claims Incurred	119,762	144,111	612	4,870,716	2,389,727	2,483,641	(2,652)	45,564	(121)	8,904	19,545	59,733	91,342	106,269	816,664	(1,613)	(25,196)	1,474,569	(32,877)	7,697,974	

	Fire	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total	
COMMISSION PAID (NET)																					
Commission paid direct	77,942	24,543	395	292,988	292,988	-	-	3,884	536	106	10,106	18,184	518	182,995	284,445	696	13,674	-	15,486	926,478	
Add: Commission paid on Re-insurance accepted	8,194	701	-	4,189	2,529	1,660	-	52	6	1	26	2,876	1,184	634	1,143	3	210	1,192	99	20,510	
Less: Commission retained on Re-insurance ceded	(415,407)	(16,424)	(2,962)	(34,272)	(217,733)	(124,539)	-	(370)	(366)	(425)	(8,574)	(65,280)	(1,287)	(22,038)	(618,120)	(129)	(12,856)	(1,012,417)	(22,214)	(2,471,131)	
Net commission paid/(received)	(59,271)	8,820	(2,567)	(45,115)	77,764	(122,879)	-	3,566	186	(318)	1,558	(44,220)	415	(38,409)	(332,532)	570	1,028	(1,014,225)	(6,629)	(1,524,143)	

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2017 (Continued)

SCHEDULE - D to Annexure 1

(₹ '000)

	File	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS																				
Employees' remuneration and welfare benefits (Refer note 11 of Schedule 16)	72,894	11,256	5,743	303,632	177,991	125,641	-	2,046	371	596	4,018	19,332	2,874	52,600	104,500	330	3,908	342,539	13,403	940,042
Travel, conveyance and vehicle running expenses	6,798	1,050	536	28,316	16,599	11,717	-	191	35	55	375	1,803	268	4,905	9,745	31	364	31,945	1,250	87,667
Training expenses	12,962	2,002	1,021	53,991	31,660	22,341	-	364	66	106	714	3,437	511	9,353	18,582	59	695	60,909	2,383	167,155
Rents, rates and taxes	17,867	2,759	1,408	74,424	43,628	30,796	-	502	91	146	985	4,738	705	12,893	25,615	81	958	83,961	3,285	230,418
Repairs	4,825	745	380	20,097	11,781	8,316	-	135	25	40	265	1,280	191	3,462	6,916	22	258	22,671	887	62,219
Printing and stationery	4,709	727	371	19,615	11,469	8,116	-	132	24	39	259	1,249	186	3,398	6,751	21	253	22,128	866	60,728
Communication	1,826	282	144	7,608	4,460	3,148	-	51	9	15	101	484	72	1,318	2,618	8	98	8,583	336	23,563
Legal and professional charges	121,648	18,785	9,585	273,180	63,373	209,674	133	3,415	619	995	6,705	32,262	4,796	68,838	96,082	551	6,521	571,641	22,364	1,238,939
Auditors' fees, expenses etc																				
(a) as auditors	524	81	41	2,183	1,280	903	-	15	3	4	29	139	21	378	751	3	28	2,463	96	6,759
(b) as advisor or in any other capacity, in respect of:																				
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c) in any other capacity	170	26	13	706	414	292	-	5	1	1	9	45	7	122	243	1	9	797	31	2,186
Advertisement and publicity	88,580	13,679	6,979	368,970	216,293	152,677	-	2,486	451	725	4,882	23,492	3,493	63,919	126,987	401	4,748	416,249	16,287	1,142,328
Interest and bank charges	5,712	882	450	23,792	13,947	9,845	-	160	29	47	315	1,515	225	4,122	8,189	26	306	70,690	1,050	117,510
Others:																				
Electricity expenses	2,370	366	187	9,871	5,786	4,085	-	67	12	19	131	628	93	1,710	3,397	10	127	11,136	436	30,560
Office expenses	905	140	71	3,770	2,210	1,560	-	25	5	8	50	240	36	653	1,297	4	48	4,253	167	11,672
Miscellaneous expenses	1,482	229	117	6,174	3,619	2,555	-	42	8	12	82	393	58	1,070	2,125	7	79	6,965	275	19,116
Information Technology expenses	20,680	3,194	1,629	86,142	50,497	35,645	-	580	105	169	1,140	5,485	815	14,923	29,647	94	1,109	97,181	3,802	266,685
Postage and courier	3,633	561	286	15,155	8,672	6,263	-	102	18	30	200	964	143	2,622	5,209	17	195	17,074	668	46,857
Loss on sale of assets (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	15,530	2,398	1,224	64,689	37,921	26,768	-	436	79	127	856	4,119	612	11,207	22,264	70	883	72,977	2,856	200,276
Expenses transferred to Shareholders' Account*	-	(2,098)	(1,071)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,169)
Total Operating Expenses	383,115	57,064	29,114	1,362,295	701,820	660,342	133	10,754	1,951	3,134	21,116	101,605	15,106	258,513	470,868	1,736	20,537	1,844,162	70,441	4,651,511

In terms of Section 40C of the Insurance Laws (Amendment) Act 2015

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2016

Annexure 1

(₹ '000)

	Fire	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen Compensation	Public Liability	Product Liability	Other Engineering Liabilities	Aviation	Personal Accident	Health	Home	Specialty*	Weather/ Crop	Others	Total
Premium Earned (Net) (Schedule -A)	76,131	58,833	-	2,234,613	1,533,087	701,526	-	42,352	7,772	-	51,194	-	17,960	476,012	-	-	-	13,464	2,978,331
Profit on Sale of Investments	3,961	955	-	19,903	13,353	6,550	-	310	100	-	1,273	-	185	4,321	-	-	-	198	31,206
Interest, Rent and Dividend (Net of Amortisation)	36,965	8,911	-	185,755	124,621	61,134	-	2,890	933	-	11,878	-	1,727	40,333	-	-	-	1,837	291,229
Investment Income from Pool	11,089	-	-	-	-	-	-	-	-	-	2,699	-	-	-	-	-	-	-	13,788
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Revenue	128,146	68,699	-	2,440,271	1,671,061	769,210	-	45,552	8,805	-	67,044	-	19,872	520,666	-	-	-	15,499	3,314,554
Claims Incurred (Net) (Schedule -B)	141,273	50,863	-	1,703,062	996,564	690,428	16,070	6,081	(338)	-	50,088	-	22,389	235,958	-	-	-	17,164	2,226,520
Commission (Net) (Schedule -C)	(9,232)	9,905	-	81,078	83,532	(2,454)	-	2,902	1,484	-	(19,258)	-	3,159	19,763	-	-	-	1,916	91,727
Operating Expenses Related to Insurance Business (Schedule -D)	53,843	49,394	-	1,623,626	1,107,278	516,348	-	25,487	6,576	-	23,267	-	13,615	333,796	-	-	-	7,522	2,137,126
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenditure	185,884	110,162	-	3,407,766	2,187,374	1,204,322	16,070	34,470	7,732	-	54,077	-	39,163	589,517	-	-	-	26,602	4,455,373
Segmental Profit/(Loss)	(57,738)	(41,463)	-	(967,495)	(516,313)	(435,112)	(16,070)	(11,082)	1,073	-	(12,987)	-	(19,291)	(68,851)	-	-	-	(11,103)	(1,140,819)

* Includes - 1. Directors' and officers' liability
2. Mutual fund assets protection

SCHEDULE - A to Annexure 1

(₹ '000)

	Fire	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen Compensation	Public Liability	Product Liability	Other Engineering Liabilities	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total
PREMIUM EARNED (NET) (Refer note 8 and 9 of Schedule 16)	600,861	144,849	-	3,019,443	2,025,709	993,734	-	46,982	15,165	-	193,071	-	28,083	655,016	-	-	-	29,853	4,733,913
Premium from direct business written	73,926	75	-	890	890	-	-	-	-	-	16,808	-	-	-	-	-	-	-	91,699
Add: Premium on Re-insurance accepted	(582,928)	(60,652)	-	(250,303)	(137,499)	(112,804)	-	(3,499)	(3,949)	-	(170,185)	-	(4,857)	(86,123)	-	-	-	(17,016)	(1,179,512)
Less: Premium on Re-insurance ceded	91,859	84,272	-	2,770,030	1,889,100	880,930	-	43,483	11,216	-	39,694	-	23,226	569,483	-	-	-	12,837	3,646,100
Net Premium	(15,728)	(25,439)	-	(535,417)	(356,013)	(179,404)	-	(1,131)	(3,444)	-	11,500	-	(5,266)	(93,471)	-	-	-	627	(667,769)
Add/(Less): Adjustment for changes in reserve for unexpired risks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Premium Earned	76,131	58,833	-	2,234,613	1,533,087	701,526	-	42,352	7,772	-	51,194	-	17,960	476,012	-	-	-	13,464	2,978,331

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2016 (Continued)

SCHEDULE - B to Annexure 1

(₹ '000)

	Fire	Marine Cargo	Maine-Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen Compensation	Public Liability	Product Liability	Other Engineering Liabilities	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total	
CLAIMS INCURRED (NET)																				
(Refer note 7 of Schedule 16)																				
Claims paid direct	286,441	108,889	-	1,331,946	1,108,045	223,901	-	20,465	157	-	126,394	-	31,392	265,782	-	-	-	14,380	2,185,846	
Add: Claims on Re-insurance accepted	235,658	7	-	97	97	-	-	-	-	-	-	-	-	8,164	-	-	-	-	245,926	
Less: Re-insurance ceded	(457,209)	(47,844)	-	(266,125)	(161,483)	(104,642)	-	(1,055)	(8)	-	(67,528)	-	(1,720)	(21,077)	-	-	-	(3,678)	(866,274)	
Net Claims paid	64,890	61,052	-	1,065,918	946,659	119,259	-	19,410	149	-	58,866	-	29,672	252,839	-	-	-	10,702	1,565,498	
Add: Claims Outstanding at the end of the year	158,986	38,997	-	2,449,259	222,177	2,211,012	16,070	8,337	466	-	77,383	-	25,540	72,325	-	-	-	25,114	2,856,407	
Less: Claims Outstanding at the beginning of the year	(82,603)	(49,186)	-	(1,812,115)	(172,272)	(1,639,843)	-	(21,666)	(953)	-	(86,181)	-	(32,823)	(89,206)	-	-	-	(18,652)	(2,139,385)	
Total Claims Incurred	141,273	50,863	-	1,703,062	996,564	690,428	16,070	6,081	(338)	-	50,068	-	22,389	239,958	-	-	-	17,164	2,226,520	

SCHEDULE - C to Annexure 1

(₹ '000)

	Fire	Marine Cargo	Maine-Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen Compensation	Public Liability	Product Liability	Other Engineering Liabilities	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total	
COMMISSION PAID (NET)																				
Commission paid direct	39,473	17,429	-	98,322	98,322	-	-	3,295	1,945	-	11,282	-	3,370	45,358	-	-	-	3,282	225,736	
Add: Commission paid on Re-insurance accepted	6,084	1	-	145	145	-	-	-	-	-	1,065	-	-	-	-	-	-	-	7,295	
Less: Commission received on Re-insurance ceded	(54,789)	(7,525)	-	(17,389)	(14,935)	(2,454)	-	(393)	(451)	-	(31,605)	-	(211)	(25,956)	-	-	-	(1,346)	(1,39,304)	
Net commission paid/(received)	(9,232)	9,905	-	81,078	83,532	(2,454)	-	2,902	1,494	-	(19,258)	-	3,159	19,763	-	-	-	1,916	94,727	

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2016 (Continued)
SCHEDULE - D to Annexure 1

(₹ '000)

	File	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmans Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total	
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS																					
Employees' remuneration and welfare benefits (Refer note 11 of Schedule 16)	15,630	14,523	-	477,357	325,547	151,810	-	7,493	1,933	-	-	6,840	-	4,003	98,139	-	-	-	2,212	628,330	
Travel, conveyance and vehicle running expenses	1,137	1,043	-	34,277	23,376	10,901	-	538	139	-	-	491	-	287	7,047	-	-	-	159	45,118	
Training expenses	26	24	-	783	534	249	-	12	3	-	-	11	-	7	161	-	-	-	4	1,031	
Rents, rates and taxes	3,227	2,960	-	97,308	66,362	30,946	-	1,528	394	-	-	1,394	-	816	20,005	-	-	-	451	128,083	
Repairs	875	802	-	26,375	17,987	8,388	-	414	107	-	-	378	-	221	5,422	-	-	-	122	34,716	
Printing and stationery	423	388	-	12,764	8,705	4,059	-	200	52	-	-	183	-	107	2,624	-	-	-	59	16,800	
Communication	252	231	-	7,585	5,173	2,412	-	119	31	-	-	109	-	64	1,559	-	-	-	35	9,985	
Legal and professional charges	5,184	4,756	-	156,334	106,616	49,718	-	2,454	633	-	-	2,240	-	1,311	32,140	-	-	-	724	205,776	
Auditors' fees, expenses etc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(a) as auditors	50	46	-	1,519	1,068	483	-	24	6	-	-	22	-	13	313	-	-	-	7	2,000	
(b) as advisor or in any other capacity, in respect of:																					
(i) Taxation matters	15	14	-	456	311	145	-	7	2	-	-	7	-	4	94	-	-	-	2	601	
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(c) in any other capacity	2	2	-	60	41	19	-	1	-	-	-	1	-	1	12	-	-	-	-	79	
Advertisement and publicity	13,962	12,808	-	421,015	287,123	133,892	-	6,609	1,705	-	-	6,033	-	3,530	86,555	-	-	-	1,951	554,168	
Interest and bank charges	136	125	-	4,104	2,799	1,305	-	64	17	-	-	59	-	34	844	-	-	-	19	5,402	
Others:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Electricity expenses	290	266	-	8,732	5,955	2,777	-	137	35	-	-	125	-	73	1,795	-	-	-	40	11,493	
Office expenses	302	277	-	9,107	6,211	2,896	-	143	37	-	-	131	-	76	1,872	-	-	-	42	11,987	
Miscellaneous expenses	1,249	1,146	-	37,667	25,688	11,979	-	591	153	-	-	540	-	316	7,744	-	-	-	175	49,581	
Service charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Technical Service Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Information Technology expenses	4,461	4,092	-	134,517	91,738	42,779	-	2,112	545	-	-	1,928	-	1,128	27,655	-	-	-	623	177,061	
Postage and courier	301	276	-	9,084	6,195	2,889	-	143	37	-	-	130	-	76	1,867	-	-	-	42	11,956	
Loss on sale of assets (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation	6,121	5,615	-	184,582	125,881	58,701	-	2,888	747	-	-	2,645	-	1,548	37,948	-	-	-	855	242,959	
Expenses transferred to Shareholders' Account*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Operating Expenses	53,843	49,394	-	1,623,626	1,107,278	516,348	-	25,487	6,576	-	-	23,267	-	13,615	333,796	-	-	-	7,922	2,137,126	

* In terms of Section 40C of the Insurance Laws (Amendment) Act 2015

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

Annexure - 2
Ratios For Non-Life Companies

Sr. No.	Performance Ratio	As on March 31, 2017				As on March 31, 2016			
		Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
1	Gross premium growth rate (refer note 1a and 1b) Gross Premium for Current Year / Gross Premium for Previous Year	166.54%	174.08%	407.58%	369.84%	43.72%	53.15%	42.24%	42.71%
2	Gross Premium to shareholders' fund ratio Gross Premium for Current Year / (Paid up Capital plus Free Reserves)	NA	NA	NA	1.51	NA	NA	NA	3.33
3	Growth rate of shareholders' funds Shareholders' funds as at the current balance sheet date / Shareholders' funds at the previous balance sheet date	NA	NA	NA	938.92%	NA	NA	NA	-10.70%
4	Net retention ratio (refer note 1a and 1b) Net Premium / Gross Premium	18.64%	25.39%	47.01%	44.36%	13.61%	58.15%	86.62%	75.56%
5	Net commission ratio (refer note 1a and 1b) Net Commission / Net Premium	-17.73%	6.06%	-15.40%	-15.25%	-10.05%	11.75%	2.62%	2.52%
6	Expenses of Management to gross direct Premium ratio Operating Expenses + Gross Commission / Gross Premium	28.79%	27.99%	24.73%	25.08%	15.53%	46.13%	55.18%	49.87%
7	Expenses of Management to Net written Premium ratio Operating Expenses + Gross Commission / Net Premium	137.91%	107.77%	52.40%	55.83%	101.59%	79.30%	63.42%	64.75%
8	Net Incurred Claims to Net Earned Premium Net incurred Claim / Net earned premium	47.45%	73.36%	78.73%	77.83%	185.57%	86.45%	71.55%	74.76%
9	Combined ratio Net incurred Claim, Net Commission plus Operating Expense / Net Premium + Net earned premium	144.32%	163.01%	107.11%	109.13%	234.13%	156.82%	132.79%	135.89%
10	Technical reserves to net Premium ratio Reserve for Unexpired Risks plus Deficiency Reserve plus Reserve for Outstanding Claims / Net Premium	7.31	6.40	4.10	4.23	3.03	1.04	1.36	1.39
11	Underwriting balance ratio Underwriting Profit / Net Premium	-0.76	-0.20	-0.07	-0.09	-1.44	-0.87	-0.46	-0.50
12	Operating profit ratio Underwriting Profit plus Investment Income / Net Premium	-30.81%	-6.31%	9.63%	8.28%	-75.84%	-70.48%	-36.63%	-38.30%
13	Liquid assets to liabilities ratio Liquid Assets of the Insurer / Policyholders' Liabilities	NA	NA	NA	0.24	NA	NA	NA	0.22
14	Net earnings ratio Profit after Tax / Net Premium	NA	NA	NA	12.45%	NA	NA	NA	-27.98%
15	Return on net worth Profit After Tax / Net Worth	NA	NA	NA	8.38%	NA	NA	NA	-71.85%
16	Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ASM / RSM	NA	NA	NA	1.76*	NA	NA	NA	1.52
17	NPA ratio	NA	NA	NA	NA	NA	NA	NA	NA

* For the purpose of calculating RSM, the Company has considered total of GWP, NWP, GIC and NIC of transferor company and transferee company. Had the Company considered the total GWP, NWP, GIC and NIC of transferee company only, the Solvency of the Company would have been 4.93 times.

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

Annexure -2
Ratios For Non-Life Companies (Continued)

Notes:

1a. Miscellaneous Breakup for the year ended March 31, 2017

Sr. No.	Particulars	Miscellaneous											Total Miscellaneous					
		Motor			Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others						
		Motor-OD	Motor-TP	Motor/ Declined Risk Pool								Other Liability		Home	Specialty	Weather	Others	
1	Gross premium growth rate Gross Premium for Current Year / Gross Premium for Previous Year	109.87%	201.99%	NA	140.19%	4.02%	-41.54%	NA	117.60%	NA	4373.18%	280.72%	NA	NA	NA	965.98%	40758%	
2	Net retention ratio Net Premium / Gross Premium	73.87%	74.46%	100.00%	74.15%	93.87%	102.24%	8.21%	15.53%	8.06%	69.33%	58.84%	20.72%	65.96%	32.89%	18.50%	39.44%	47.01%
3	Net commission ratio Net Commission / Net Premium	2.48%	-5.50%	NA	-0.84%	7.77%	2.05%	-27.18%	-60.45%	7.50%	-4.41%	-22.64%	7.84%	10.95%	3.35%	-66.81%	-5.25%	-15.40%

1b. Miscellaneous Breakup for the year ended March 31, 2016

Sr. No.	Particulars	Miscellaneous											Total Miscellaneous					
		Motor			Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others						
		Motor-OD	Motor-TP	Motor/ Declined Risk Pool								Other Liability		Home	Specialty	Weather	Others	
1	Gross premium growth rate Gross Premium for Current Year / Gross Premium for Previous Year	45.53%	51.32%	NA	47.39%	5.34%	42.47%	NA	6.98%	NA	44.89%	40.62%	NA	NA	NA	NA	-13.42%	42.21%
2	Net retention ratio Net Premium / Gross Premium	93.22%	88.65%	NA	91.71%	92.55%	73.96%	NA	18.91%	NA	82.70%	86.86%	NA	NA	NA	NA	43.00%	86.62%
3	Net commission ratio Net Commission / Net Premium	4.42%	-0.28%	NA	2.93%	6.67%	13.32%	NA	-48.52%	NA	13.60%	3.47%	NA	NA	NA	NA	14.93%	2.62%

- Gross Premium represents Gross Direct Premium
- Net Premium represents Gross Direct Premium including Premium accepted on reinsurance less reinsurance ceded
- Underwriting Profit represents Segmental Profit / (Loss) excluding Investment Income
- Liquid Assets represent Cash and Cash Equivalents and Short Term Investments.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

Summary of Financial Statements

Annexure 3

Sr. No.	Particulars	2016-17 (₹ '000)	2015-16 (₹ '000)	2014-15 (₹ '000)	2013-14 (₹ '000)	2012-13 (₹ '000)
	OPERATING RESULTS					
1	Gross Written Premium	22,524,054	4,825,612	3,443,512	2,696,665	2,052,166
2	Net Premium Income	9,991,352	3,646,100	2,559,879	1,971,085	1,525,679
3	Income from Investments (net)	1,732,409	322,435	258,168	187,910	120,133
4	Other Income (includes provision written back)	21,305	13,788	–	–	–
5	Total Income	11,745,066	3,982,323	2,818,047	2,158,995	1,645,812
6	Commission (net)	(1,524,143)	91,727	55,335	(14,665)	57,071
7	Operating Expenses	4,651,511	2,137,126	1,818,055	1,597,951	1,204,266
8	Premium Deficiency	–	–	–	(7,293)	(87,984)
9	Net Incurred Claims	7,697,974	2,226,520	1,476,499	1,524,988	1,183,049
10	Change in Unexpired Risk Reserve	100,332	667,769	498,521	190,791	329,437
11	Operating Profit / (Loss)	819,392	(1,140,819)	(1,030,363)	(1,132,777)	(1,040,026)
	NON-OPERATING RESULTS					
12	Total Income under shareholder's account	394,632	120,662	88,663	130,976	107,229
13	Profit / (Loss) before tax	1,214,024	(1,020,157)	(941,700)	(1,001,801)	(932,796)
14	Provision for tax	(30,070)	–	–	–	–
15	Profit / (Loss) after tax	1,244,094	(1,020,157)	(941,700)	(1,001,801)	(932,796)
	MISCELLANEOUS					
16	Policyholders' Account :					
	Total Funds	51,092,887	4,837,373	–	–	–
	Total Investments	51,092,887	4,837,373	–	–	–
	Yield on Investments	6.2%	8.6%	–	–	–
17	Shareholders' Account :					
	Total Funds	14,848,389	1,419,859	1,590,016	1,281,715	1,483,516
	Total Investments	18,230,354	1,113,719	4,654,525	2,938,264	2,504,650
	Yield on Investments	6.2%	8.6%	9.8%	10.7%	10.6%
18	Paid up equity capital	6,004,659	7,050,000	6,200,000	4,950,000	4,150,000
19	Net worth	14,848,389	1,419,859	1,590,016	1,281,715	1,483,516
20	Total Assets	14,848,389	1,419,859	1,590,016	1,281,715	1,483,516
21	Yield on Total Investments	6.2%	8.6%	9.8%	10.7%	10.6%
22	Earnings per Share (₹)	2.07	(1.59)	(1.72)	(2.27)	(2.47)
23	Book Value per Share (₹)	24.73	2.01	2.56	2.59	3.57
24	Total Dividend	–	–	–	–	–
25	Dividend per Share (₹)	–	–	–	–	–

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Annexure 4

A) Statement showing the Age-wise Analysis of the Unclaimed amount of Policyholders

(₹ '000)

Particulars	Total Amount	AGE-WISE ANALYSIS							
		1-3 months	4-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	Beyond 36 Months
Claims settled but not paid to the policyholders/ insureds due to any reasons except under litigation from the insured/policyholders	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
Sum due to the insured/ policyholders on maturity or otherwise	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
Any excess collection of the premium/tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	1,413 (1,398)	— (803)	84 (332)	15 (98)	231 (4)	177 (82)	155 (79)	246 (—)	505 (—)
Cheques issued but not encashed by the policyholder/insured (refer note below)	48,860	—	3,279	6,175	6,831	8,649	4,922	4,124	14,880
- Premium	(4,090)	(—)	(233)	(654)	(1,405)	(1,144)	(621)	(28)	(5)
- Claims	158,930 (11,899)	— (—)	27,857 (4,297)	20,158 (2,947)	22,166 (949)	11,418 (296)	12,258 (692)	3,366 (220)	61,707 (2,498)
TOTAL	209,203 (17,387)	— (803)	31,220 (4,862)	26,348 (3,699)	29,228 (2,358)	20,244 (1,522)	17,335 (1,392)	7,736 (248)	77,092 (2,503)

Note: Above excludes an amount of ₹ 777,909 thousand (Previous year ₹ 102,092 thousand) under ageing 1-3 months in respect of cheques issued but not encashed by the policyholders.

(Previous year's figures are in brackets)

B) Statement showing movement of Unclaimed Amount and Investment Income as per IRDAI Circular no. IRDA/F&I/CIR/CMP/174/11/2010 dated May 28,2015

(₹ '000)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening Balance	17,642	7,605
Add: On Merger	172,876	—
Add : Amount transferred to unclaimed amount	101,095	96,956
Add : Cheques issued out of the unclaimed amount but not encashed by the policyholders (to be included when the cheques are stale)	—	—
Add: Investment Income	3,224	256
Less: Amount paid during the year	76,450	87,175
Closing Balance of Unclaimed Amount	218,387	17,642

Out of above Unclaimed Amount an amount of ₹ 142,299 is placed in Fixed Deposit lying under Schedule 11 'CASH AND BANK BALANCES'

Management Report

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

1. We confirm the validity of Certificate of Registration granted by the Insurance Regulatory and Development Authority to transact general insurance business.
2. To the best of our knowledge and belief, all the material dues payable to the statutory authorities have been duly paid.
3. We confirm that the shareholding pattern and the transfer of shares during the year ended March 31, 2017 are in accordance with the statutory or regulatory requirements.
4. We declare that funds of holders of policies issued in India have not been directly or indirectly invested outside India.
5. We confirm that the Company has maintained the required solvency margins laid down by Insurance Regulatory and Development Authority.
6. We certify that the all assets of the Company have been reviewed on the date of the Balance Sheet and to the best of our knowledge and belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realizable or market value under the several headings – “Loans”, “Investments”, “Agents balances”, “Outstanding Premiums”, “Interest, Dividends and Rents outstanding”, “Interest, Dividends and Rents accruing but not due”, “Amounts due from other persons or Bodies carrying on insurance business”, “Sundry Debtors”, “Bills Receivable”, “Cash” and the several items specified under “Other Accounts” except debt securities which are stated at cost/amortised cost .
7. The Company is exposed to a variety of risks associated with general insurance business such as quality of risks undertaken, fluctuations in value of assets and higher expenses in the initial years of operation. The Company monitors these risks closely and effective remedial action is taken wherever deemed necessary.
The Company has, through an appropriate reinsurance program kept its risk exposure at a level commensurate with its capacity.
8. The Company does not have operations outside India.
9. a. For ageing analysis of claims outstanding (excluding provision for IBNR / IBNER and claims relating to inward re-insurance from terrorism pool and the Indian Motor Pool Third Party Insurance Pool and Indian Motor Third Party Declined Risk Insurance Pool) during the preceding five years, please refer Annexure 1.
b. For average claims settlement time during the preceding five years, please refer Annexure 2.
10. Details of payments to individuals, firms, Companies and organizations in which directors are interested during the year ended on March 31, 2017:

Upto September 8, 2016:

Sr. No.	Name of the Director	Entity in which Director is interested	Interested As	Payment during the year (₹ '000)
1	Mr. YESHWANT MORESHWAR DEOSTHALEE	L&T FINANCE HOLDINGS LIMITED	Director	16,579
		L&T FINANCE LIMITED	Additional Director	61,978
2	Dr. RUPA REGE NITSURE	L&T FINCORP LIMITED	Director	8,575
3	Mr. RAMAMURTHI SHANKAR RAMAN	L&T HYDROCARBON ENGINEERING LIMITED	Director	5
		L&T FINANCE HOLDINGS LIMITED	Director	6,579
		L&T INFRASTRUCTURE DEVELOPMENT PROJECTS LIMITED	Director	13
		L&T INFOTECH LIMITED	Director	1,769
4	Mr. MUKUND MANOHAR CHITALE	LARSEN & TOUBRO LIMITED	Whole Time Director	69,525
		L&T INFOTECH LIMITED	Director	1,769
		LARSEN & TOUBRO LIMITED	Director	69,525

From September 9, 2016 to March 31, 2017

Sr. No.	Name of the Director	Entity in which Director is interested	Interested As	Payment during the year (₹ '000)
1	Mr. DEEPAK S. PAREKH	HDFC LIMITED	Chairman	255,835
		GLAXOSMITHKLINE PHARMACEUTICALS LIMITED	Chairman	3,127
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Chairman	7,698
		MAHINDRA & MAHINDRA LIMITED	Director	420
		THE INDIAN HOTELS COMPANY LIMITED	Director	550
		BREACH CANDY HOSPITAL TRUST	Additional Director	3,637
2	Mr. KEKI M. MISTRY	HDFC LIMITED	Vice Chairman and CEO	255,835
		HDFC BANK LIMITED	Director	480,890
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	7,698
		HCL TECHNOLOGIES	Director	271,802
		SUN PHARMACEUTICALS INDUSTRIES LIMITED	Director	247
		TORRENT POWER LIMITED	Director	264
3	Mrs. RENU SUD KARNAD	HDFC LIMITED	Director	255,835
		HDFC BANK LIMITED	Director	480,890
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	7,698
5	Mr. BERNHARD STEINRUECKE	INDO - GERMAN CHAMBER OF COMMERCE	Director	146
		ZODIAC CLOTHING LIMITED	Director	441

11. We certify that all debt securities and non convertible preference shares are considered as 'held to maturity' and accordingly stated at historical cost subject to amortisation of premium or accretion of discount on constant yield to maturity basis in the Revenue Accounts and in the Profit and Loss Account over the period of maturity/holding. All mutual fund investments are valued at net asset value as at balance sheet date.

Equities actively traded and convertible preference shares as at the balance sheet date are stated at fair value, being the last quoted closing price on the National Stock Exchange (NSE) being selected as Primary exchange as required by IRDA circular number IRDA/F&I/INV/CIR/213/10/2013 dated October 30, 2013. However, in case of any stock not being listed in NSE, the same being valued based on the last quoted closing price in Bombay Stock Exchange (BSE).

In accordance with the Regulations, any unrealized gains/losses arising due to change in fair value of

mutual fund investments or listed equity shares are accounted in "Fair Value Change Account" and carried forward in the balance sheet and is not available for distribution.

12. The Company has adopted a prudent investment policy with emphasis on optimizing return with minimum risk. Emphasis was towards low risk investments such as Government securities and other rated debt instruments. Investments are managed in consonance with the investment policy laid down by the board from time to time and are within the investment regulation and guidelines of IRDA. The Company has carried out periodic review of the investment portfolio. There are no non-performing assets as at the end of the financial year.

13. The Management of HDFC ERGO General Insurance Company Limited certifies that:

The financial statements have been prepared in accordance with the applicable provisions of the Insurance Regulatory and Development Authority

(Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, circulars/notifications issued by IRDAI from time to time (including Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated April 04, 2016 and IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017), the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, read together with Rule 7 of Companies (Accounts) Rule 2014 dated March 31, 2014 and Companies (Accounting Standards) amendment Rules 2016 dated March 30, 2016 to the extent applicable and the relevant provisions of the Companies Act, 2013, and disclosures have been made, wherever the same is required. There is no material departure from the said standards, principles and policies.

- i. The Company has adopted accounting policies and applied them consistently and made judgments 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 at March 31, 2017 and of the operating profit for the year ended on that date.

- ii. 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, (4 of 1938) as amended by Insurance Laws (Amendment) Act, 2015 / Companies Act, 1956, (1 of 1956)/ the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iii. The financial statements of the Company have been prepared on a going concern basis.
- iv. The Company's internal audit is conducted by an inhouse audit team and an appointed audit firm. The scope of work of internal audit is commensurate with the size and nature of the Company's business. The management has ensured that an internal audit system commensurate with the size and nature of business exists and is operating effectively.

For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman
(DIN : 00009078)

Keki M. Mistry
Director
(DIN : 00008886)

Dr. Jagdish Khattar
Independent Director
(DIN : 00013496)

Mehernosh B. Kapadia
Independent Director
(DIN : 00046612)

Arvind Mahajan
Independent Director
(DIN: 07553144)

Mukesh Kumar
Executive Director
(DIN: 06864359)

Anuj Tyagi
Executive Director
(DIN: 07505313)

Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)

Samir H. Shah
Member of Executive
Management & CFO
Membership No.:FCA 045476

Dayananda V. Shetty
Company Secretary
Membership No.:FCS 4638

Mumbai
August 18, 2017

Annexure to Management Report

Annexure 1 Details of ageing analysis of claims outstanding Outstanding As on 31.03.2017 (F. Y. 2016-17)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmens Compensation		Public liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000	
0-30 days	143	337,782	690	62,544	-	-	7,822	505,725	1,240	226,548	32	4,318	-	-	-	800	11	6,105
31 days to 6 months	250	791,483	363	255,051	8	76,866	3,329	325,161	3,974	1,289,453	123	18,921	3	1,600	1	400	18	6,733
6 months to 1 year	107	3,928,085	69	118,005	3	1,140	708	130,171	4,064	1,673,155	108	18,624	1	600	-	-	15	74,277
1 year to 5 years	50	1,751,185	33	233,847	3	13,930	464	132,365	14,281	6,319,350	285	42,421	11	4,077	3	1,200	85	56,325
5 years and above	1	69,201	2	5,450	-	9,151	2	1,698	2,152	725,111	5	755	-	-	2	65,521	3	21,209
Total	551	6,877,736	1,157	674,898	14	100,887	12,325	1,095,119	25,711	10,233,617	553	85,039	15	6,277	6	67,921	132	164,649

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000	
0-30 days	1,963	66,441	1	16,507	1,126	165,942	2,996	210,933	7	2,594	2	1,220	58	44,520	80	31,743	16,171	1,687,408
31 days to 6 months	798	189,448	8	97,007	536	153,359	1,850	282,286	9	1,907	49	20,800	6	9,871	172	284,035	11,497	3,804,181
6 months to 1 year	47	188,093	3	28,369	6	2,014	157	21,363	2	2,510	36	13,420	17	294	17	24,658	5,360	6,224,777
1 year to 5 years	40	272,353	27	212,367	2	6,300	8	11,747	-	-	181	267,631	254	796,215	6	35,251	15,733	10,156,564
5 years and above	1	61,325	-	299,097	-	-	-	-	-	-	33	51,984	-	-	-	927	2,201	1,311,428
Total	2,849	777,660	39	653,347	1,670	327,615	5,011	526,328	18	7,011	301	355,055	335	850,900	275	376,613	50,962	23,184,358

Outstanding As on 31.03.2016 (F. Y. 2015-16)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmens Compensation		Public liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000	
0-30 days	38	93,798	25	5,873	-	-	1,243	82,823	147	62,421	14	1,134	-	-	-	-	2	305
31 days to 6 months	98	246,817	47	17,858	-	-	949	134,236	473	191,914	26	5,768	-	-	-	-	-	-
6 months to 1 year	44	124,562	18	21,948	-	-	126	21,010	459	170,952	1	709	-	-	-	-	-	-
1 year to 5 years	5	167,264	16	24,960	-	-	45	17,135	1,160	468,837	1	251	-	-	-	-	-	1,990
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	185	632,441	106	70,639	-	-	2,363	255,203	2,239	894,124	42	7,862	-	-	-	-	2	2,294

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000	
0-30 days	15	3,913	-	-	13	1,476	370	22,723	3	209	-	-	-	-	15	9,721	1,885	284,396
31 days to 6 months	39	110,838	-	-	23	6,100	112	9,011	3	30	-	-	-	-	13	45,454	1,783	768,027
6 months to 1 year	23	16,027	-	-	2	1,200	11	1,347	-	-	-	-	-	-	3	4,465	687	362,219
1 year to 5 years	14	126,177	-	-	-	-	1	14	-	-	-	-	-	-	2	10,465	1,244	817,091
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	91	256,955	-	-	38	8,776	494	33,096	6	239	-	-	-	-	33	70,104	5,599	2,231,733

Annexure to Management Report (Continued)

Annexure 1 Details of ageing analysis of claims outstanding (Continued) Outstanding As on 31.03.2015 (F. Y. 2014-15)

(₹ '000)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmens Compensation		Public liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	24	7,827	43	62,295	-	-	662	69,529	41	11,340	12	1,963	-	-	-	-	3	194
31 days to 6 months	77	205,494	59	24,207	-	-	344	57,099	247	61,814	28	6,444	-	-	-	-	1	59
6 months to 1 year	40	279,234	41	10,020	-	-	96	21,275	311	73,654	19	6,682	-	-	-	-	2	373
1 year to 5 years	8	124,298	7	17,126	-	-	36	17,126	898	213,177	6	3,893	-	-	-	-	-	1,982
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	149	616,852	150	113,648	-	-	1,138	165,029	1,497	359,986	65	18,982	-	-	-	-	6	2,608

(₹ '000)

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	20	19,875	-	-	9	6,207	435	32,161	2	40	-	-	-	-	8	531	1,259	211,963
31 days to 6 months	64	91,290	-	-	19	8,629	93	5,116	2	241	-	-	-	-	27	6,511	961	466,903
6 months to 1 year	45	99,993	-	-	1	1,500	-	-	1	-	-	-	-	-	8	2,921	564	495,651
1 year to 5 years	20	78,156	-	-	-	-	-	-	2	126	-	-	-	-	4	10,994	981	466,879
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	149	289,314	-	-	29	16,336	528	37,277	7	407	-	-	-	-	47	20,957	3,765	1,641,396

Outstanding As on 31.03.2014 (F. Y. 2013-14)

(₹ '000)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmens Compensation		Public liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	18	49,651	24	2,937	-	-	459	43,985	45	10,177	9	2,265	-	-	-	-	-	-
31 days to 6 months	60	155,030	112	27,842	-	-	302	56,260	268	55,699	27	9,546	-	-	-	-	1	582
6 months to 1 year	29	41,645	37	5,423	-	-	56	22,302	315	78,087	10	4,198	-	-	-	-	1	1,035
1 year to 5 years	7	43,434	6	17,684	-	-	21	15,993	463	133,749	3	1,011	-	-	-	-	-	1,445
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	114	289,760	179	53,885	-	-	838	138,539	1,091	277,712	49	17,020	-	-	-	-	2	3,062

(₹ '000)

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	29	20,351	-	-	10	670	408	41,101	6	129	-	-	-	-	16	1,214	1,024	172,480
31 days to 6 months	80	62,765	-	-	14	1,655	214	20,880	11	202	-	-	-	-	54	6,450	1,143	396,911
6 months to 1 year	33	67,990	-	-	-	-	-	-	-	-	-	-	-	-	28	11,677	509	232,358
1 year to 5 years	5	33,447	-	-	-	-	-	-	-	-	-	-	-	-	1	11,390	506	258,151
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	147	184,554	-	-	24	2,325	622	61,981	17	331	-	-	-	-	99	30,732	3,182	1,059,901

Annexure to Management Report (Continued)

(₹ '000)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmens Compensation		Public liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	13	38,693	29	12,694	-	-	269	22,825	77	15,785	12	2,368	-	-	-	-	-	-
31 days to 6 months	27	32,949	60	10,017	-	-	316	58,978	253	60,762	23	4,375	-	-	-	-	-	306
6 months to 1 year	22	16,664	6	6,751	-	-	114	50,012	168	57,169	8	4,446	-	-	-	-	-	-
1 year to 5 years	1	6,795	-	259	-	-	6	4,817	91	45,038	-	-	-	-	-	-	-	482
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	63	95,101	95	29,720	-	-	705	136,632	589	178,753	43	11,189	-	-	-	-	-	788

(₹ '000)

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	20	32,263	-	-	31	6,708	332	14,534	-	-	-	-	-	-	8	3,509	791	149,379
31 days to 6 months	65	37,583	-	-	-	-	-	-	-	-	-	-	-	-	42	8,003	786	212,972
6 months to 1 year	21	19,760	-	-	-	-	-	-	-	-	-	-	-	-	2	1,033	341	155,835
1 year to 5 years	1	1,630	-	-	-	-	-	-	-	-	-	-	-	-	1	9,274	100	68,295
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	107	91,236	-	-	31	6,708	332	14,534	-	-	-	-	-	-	53	21,819	2,018	586,481

Annexure to Management Report (Continued)

Annexure – 2

Details of Average Claims Settlement Time

Line of Business	F.Y 2016-17		F.Y 2015-16		F.Y 2014-15		F.Y 2013-14		F.Y 2012-13	
	No. of Claims	Average Settlement Time (Days)	No. of Claims	Average Settlement Time (Days)	No. of Claims	Average Settlement Time (Days)	No. of Claims	Average Settlement Time (Days)	No. of Claims	Average Settlement Time (Days)
Fire	920	245	693	111	318	169	217	175	145	142
Marine Cargo	3,742	139	492	123	400	158	387	130	454	111
Marine Hull	3	128	–	–	–	–	–	–	–	–
Motor OD	98,738	50	35,030	31	20,111	36	12,107	37	8,080	61
Motor TP	3,196	1,014	494	551	276	478	212	288	65	276
Workemens Compensation	133	337	188	160	120	212	88	216	48	195
Public liability	–	–	–	–	–	–	–	–	–	–
Product Liability	–	–	–	–	–	–	–	–	–	–
Other Liabilities	4	408	10	138	5	269	3	216	1	308
Engineering	2,013	304	253	223	265	223	318	155	244	151
Aviation	1	184	–	–	–	–	–	–	–	–
Personal Accident	2,160	44	253	18	195	19	108	27	352	20
Health	24,480	39	7,607	19	6,815	22	9,640	18	3,214	20
Home	43	217	32	57	93	54	22	134	–	–
Specialty	2	580	–	–	–	–	–	–	–	–
Weather	3,170	11	–	–	–	–	–	–	–	–
Others	1,383	112	202	94	228	176	163	134	84	107
Total	139,988		45,254		28,826		23,265		12,687	

Glossary


Sr. No.	Terms	Description
1	Accretion	Incremental growth over a period of time.
2	Actuary	A person skilled in determining the present effects of future contingent events or in finance modelling and risk analysis in different areas of insurance, or calculating the value of life interests and insurance risks, or designing and pricing of policies, working out the benefits, recommending rates relating to insurance business, annuities, insurance and pension rates on the basis of empirically based tables and includes a statistician engaged in such technology, taxation, employees' benefits and such other risk management and investments and who is a fellow member of the Institute.
3	Appropriations	Money set aside for specific purpose.
4	Bad debts written off	Accounts receivable that will likely remain uncollectible and will be written off.
5	Book Value Per Share	This is computed as networth divided by number of outstanding shares.
6	Claim	Request to an Insurance Company for payment in respect of loss or damage covered by an insurance policy.
7	Claim Disposal Ratio	Proportion of number of claims settled to total number of claims reported.
8	Co-insurance	Sharing of the same risk by multiple insurance companies.
9	Combined Ratio	Incurred claims ratio plus expense ratio (defined here under).
10	Commission paid	Amount paid to intermediaries for acquiring business
11	Deferred Tax Asset	An asset that is used to represent lower amount of tax that a company will have to pay in a later tax period
12	Deferred tax liability	A tax liability that a company owes and does not pay at the current point, although it will be responsible for paying it in a later tax period.
13	EPS	Earning Per Share (EPS) is arrived at by dividing Net Profit After Tax by the weighted average number of shares.
14	Expense ratio	Expense ratio is a proportion of the sum of all expenses (acquisition & operating) and net commission received on reinsurance to net written premium expressed as a percentage.
15	Fair Value Change Account	It represents unrealized gains or losses at the end of the period with respect to listed equity securities, derivative instruments and Mutual Fund investments.
16	Gross Written Premium (GWP)	Gross Written Premium is the sum of gross direct premium and the reinsurance premium accepted
17	Incurred But Not Reported (IBNR)	A reserve created by insurer and certified by an Actuary to cover the estimated cost of losses that might have incurred but not yet reported
	Incurred But Not Enough Reported (IBNER)	Losses that might have incurred but have not yet been enough reported.
18	Incurred Claims	It is claims paid during the period plus the change in outstanding claims at the end of the period Vs at the beginning of the period.

Sr. No.	Terms	Description
19	Incurred Claims Ratio	Proportion of incurred claims to premiums earned during a period.
20	Industry Market Share	Proportion of gross written premium of an insurer to the total gross premium written of the general insurance industry - expressed as a percentage.
21	IRDAI	Insurance Regulatory and Development Authority of India (IRDAI) established under IRDA Act, 1999 to protect the interests of the policyholders, to regulate, develop, promote and ensure orderly growth of the insurance industry.
22	Loss on sale	Loss on sale of assets when an asset is sold below its book value.
23	Net Premiums Earned	Net premium written adjusted for the change in unexpired risks reserve.
24	Net Premiums Written	Gross written premium less reinsurance premium ceded.
25	Net Worth	Paid up share capital (+/-) reserves/ accumulated losses (-) preliminary expenses.
26	Operating Expenses	Expenses for carrying out insurance / reinsurance business.
27	Operating Profit or Loss	Surplus/ Deficit from carrying out insurance business activities i.e. profit before tax excluding investment income and other income
28	Policy	The legal document issued by an Insurance Company to a policyholder which outlines the terms and conditions of the insurance.
29	Policy Holder [Insured]	The person/ entity whose risk of financial loss from an insured peril is protected by an insurance policy.
30	Premium Deficiency	Premium deficiency is recognised as the sum of expected claim costs, related expenses and maintenance cost exceeds related reserve for unexpired risks.
31	Premium Received in Advance	Represents premium received prior to the commencement of the risk.
32	Reinsurance	A means by which a reinsurer agrees to indemnify an insurer, (the cedant) against all or part of the loss that the latter may sustain under the original policy or policies it has issued.
33	Retention	The amount of risk retained by the insurer on its own account.
34	Solvency Margin	A ratio of Available Solvency Margin (ASM)/ Required Solvency Margin (RSM) (calculated as per IRDA guidelines).
35	Technical reserves	Amount set aside in the balance sheet to meet liabilities arising out of insurance contracts, including claims provision (whether reported or not) and reserve for unexpired risks.
36	Treaty Reinsurance	Under a Reinsurance Treaty, the cedant agrees to offer and the reinsurer agrees to accept all risks of a defined class. This enables the cedant to grant immediate cover for risks without first seeking the reinsurer's consent.
37	Underwriting	The process of reviewing applications/ proposals submitted for insurance or reinsurance coverage and deciding whether to provide all or part of the coverage requested and determining the applicable premium.
38	Unexpired Risks Reserve	Portion of premium with respect to the unexpired insurance contracts as at the end of the period.

Note: The definitions of the ratios in the glossary above are used in this report unless specifically defined otherwise.

Our Products

Retail Products

-  Motor Insurance
-  Health Insurance
-  Travel Insurance
-  Home Insurance
-  Personal Accident

Rural Product

-  Gramin Suraksha Bima
-  Parivar Suraksha Bima
-  Cattle Insurance
-  Weather Insurance
-  Crop Insurance

Commercial Products

Liability Insurance





Casualty Lines

- Product Liability
- Public Liability and Public Liability Act
- Errors and Omission (Tech)
- Commercial General Liability
- Workmen's Compensation Insurance
- Professional Indemnity





Financial Lines

- Directors and Officers Liability
- Venture Capital Asset Protection
- Employment Practices Liability
- Multimedia Liability Insurance
- Commercial Crime Insurance




Property Insurance

-  Standard Fire and Special Perils Policy
-  Consequential Loss (Fire) Insurance
-  Industrial All Risks Policy
-  Business Suraksha Classik




Engineering Insurance

-  Erection All Risks Insurance
-  Contractor's All Risk Insurance
-  Advance Loss of Profit
-  Contractor's Plant & Machinery Insurance
-  Machinery Breakdown Insurance
-  Electronic Equipment Insurance
-  Boiler & Pressure Plant Insurance

Accident and Health Insurance

-  Group Travel
-  Group Mediclaim
-  Group Personal Accident

Marine Cargo Products

-  Marine Specific Policy
-  Marine Open Policy
-  Sales Turn Over Policy



HDFC ERGO General Insurance Company Limited

(Formerly HDFC General Insurance Limited from Sept 14, 2016 and
L&T General Insurance Company Limited upto Sept 13, 2016). CIN: U66030MH2007PLC177117

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