

**HDFC
ERGO**



YOUR NEW-AGE **DIGITAL INSURER**

HDFC ERGO Insuring You
Anytime, Anywhere

ANNUAL REPORT
2020-2021

Values that empower us for the future



SENSITIVITY

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

ETHICS

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



EXCELLENCE

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

DYNAMISM

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



Contents

➤ Company Highlights	04
➤ Message from the Chairman	05
➤ Message from the CEO	06
➤ Board of Directors	07
➤ Brief Profile of the Directors	08
➤ Directors' Report	10
➤ Independent Auditors' Report	51
➤ Balance Sheet	60
➤ Profit & Loss Account	61
➤ Receipts and Payments Account	62
➤ Revenue Account	63
➤ Schedules	64
➤ Management Report	124
➤ Glossary	131
➤ Our Products	133
➤ Customer Testimonials	134

Company Highlights

- ▶ **3rd largest** General Insurance Company in private sector.
- ▶ Overall market share of **6.2%** for Fiscal Year 2020-21.
- ▶ **Comprehensive** product portfolio along with a balanced channel mix.
- ▶ Credit rating of **ICRA/AAA, CRISIL/AAA, CARE/AAA** and **Acuité/AAA** with a stable outlook for the Non-Convertible Debentures (Subordinated Debt) programme.
- ▶ Solvency ratio of **190%** vis-a-vis IRDAI required solvency ratio of **150%**.
- ▶ PAN-India presence across **203 branches** and a close knit family of 6,400 professionals.
- ▶ **ISO certified** processes for Claims Services, Operations, Customer Services, ISO certified Business Continuity Management System and ISO certified Information Security Management System.
- ▶ Issued more than **10 million policies** and serviced more than 2 million claims in FY21.



CHAIRMAN'S MESSAGE

“Pandemic led to adoption of innovative digital technologies to deliver timely customer service.”

The year gone by was unlike any other we have experienced before. The COVID-19 pandemic led to lockdowns in economies across the globe. While the lockdowns were eased gradually, the lower economic activity and resultant subdued demand had a severe impact on global growth. Towards the end of the fiscal year, the vaccine roll-out commenced even as some countries, including India, began to experience fresh waves of infections. The stimulus package announced by the Government of India and the liquidity and financial stability measures undertaken by the Reserve Bank of India helped revive growth in the Indian economy. India's Gross Domestic Product (GDP) is estimated to contract by 9.5% in FY21 but is expected to revive and be amongst the fastest growing major economies in FY22. These projections,

of course, will depend on the intensity and duration of the second wave of infection.

The General Insurance (GI) industry grew by ~5% to ₹ 2 trillion in FY21. While the motor segment witnessed a negative growth on account of low vehicle registrations, retail health insurance remained the fastest growing segment, reinforcing the need for adequate health insurance cover.

The merger of HDFC ERGO Health Insurance Limited (HEHI) with the Company, combined with the strong growth in FY21, resulted in the Company becoming the second largest retail health insurer in the country with ~10% market share.

In line with the HDFC group's core values of trust, integrity and transparency, the Company takes pride in servicing its over 15 million customers. During the year, the Company ensured that all its customers, especially health policyholders, were serviced seamlessly using innovative digital technologies delivering timely service. During the year, the Company serviced over 45,000 COVID-19 related claims.

The limit on Foreign Direct Investment (FDI) in insurance companies was increased from 26% to 49% in 2015. In the Union Budget 2021-22, it was announced that this would be further increased to 74%. Over the medium to long-term, this is expected to attract new foreign promoters to the Indian market and provide incumbent insurers access to increased foreign capital. This is likely to further augment growth prospects of the industry and deepen insurance penetration in the country.

Yet, there are challenges ahead as the country currently fights against the second wave of the virus. The impact on the GI industry and on the Company in terms of overall premium growth and claims remains uncertain.

The regulatory amendments aimed at development of the GI industry, increasing competitive intensity and widespread adoption of digital initiatives, necessitated by the pandemic situation, are expected to result in a more customer centric set of insurance solutions and deeper insurance reach, more specifically in rural India.

I thank all the stakeholders for their support to the Company and look forward to continued support in the coming years.

Deepak S. Parekh
Chairman



MD & CEO's MESSAGE

“In FY21, HDFC ERGO achieved the dual milestones of ₹10,000+ crore in premiums and ₹500+ crore in profits.”

India, like the rest of the world, witnessed the onset of the COVID-19 pandemic in the last quarter of FY20. The nation was in a lockdown for most parts of the first half of FY21, leading to lower demand. While the lockdowns eased across the country in the second half of the year, the domestic economy contracted by 8.0% in FY21 compared to 4.0% growth in FY20. With the vaccine roll-out having commenced in the last quarter of FY 2020-21, the economy is expected to register growth in FY22. At the same time, the second wave of COVID-19 is likely to lower the growth estimates.

The economic slowdown had a cascading impact on the non-life industry in FY21. The General Insurance (GI) industry wrote gross direct premium of ~ ₹199,000 crore, registering a growth of 5.2% (FY20: 11.3%). The Corporate segment led the industry growth with 17.1% growth as the upward premium revision on certain risk categories announced last year was implemented on risks which renewed this year. The pandemic led to increased awareness of health insurance and this led to 12.0% growth of the Accident & Health insurance segment. Motor insurance continued to be subdued with 1.7% de-growth, as the vehicle sales registered

de-growth of 13.6%. The crop insurance segment witnessed 3.4% de-growth.

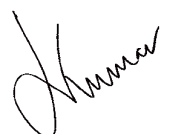
Private sector insurers (including standalone health insurers) grew by 8.1%, capturing further market share from the public sector insurers (including specialized insurers), who registered 6% growth. In FY22, we expect that the GI industry will register strong growth across segments, arising from economic growth and also on account of base effect.

FY21 was a transition year for us, one in which we completed the integration of HDFC ERGO Health Insurance Limited (HEHI) with the Company. In line with our calibrated risk selection strategy, our Gross Written Premium (GWP) grew by 27.5% during the year, from ₹9,760 crore to ₹12,444 crore. Our growth rate was 4.0% considering the full year business of HEHI and the Company last year, in line with the 5.2% growth for the industry.

As COVID-19 cases surged through the country, the GI industry witnessed COVID claims. We are one of the largest health insurers in the country and therefore our profitability was impacted by COVID claims. Our portfolio steering measures and focus on cost optimization could offset the negative impact of COVID claims. Therefore, despite the impact of COVID claims, our combined ratio improved from 105.3% for FY20 to 103.2% for FY21. Our profit after tax increased from ₹327 crore to ₹592 crore.

While our employees were working from home during the lockdowns, the 'Digital First' approach we adopted few years ago enabled us to service our customers seamlessly. We ensured increased adoption of our digital tools by agents for sales and service so that they can stay indoors and yet procure business or service customers. During the year, your Company sold over 10 million policies, of which ~92% were issued digitally. Our customers, network hospitals and motor workshops intimated claims digitally, either over our website or mobile apps or our portals. We, along with our partners, carried out inspection and surveys digitally to ensure timely service to our customers. All our digital platforms – our Website, Mobile App, DIA (chatbot), WhatsApp / Telegram Chat – enabled customers to connect with us and helped in fulfilling their service requests. Apart from informing our customers about various service requests which could be fulfilled digitally, we also launched specific initiatives during the lockdown such as spreading awareness about COVID-19 via e-mailers, allowing motor renewals through customer self-inspection, prioritising pre- authorisation and discharge requests in health claims, etc. As a result, we were able to deliver consistently high quality service even during the lockdown phase without compromising on the safety of our employees and channel partners.

The year gone by has been one of the challenging years in recent times. I would like to thank all our employees and their families for going beyond their call of duty and ensuring business continuity in such uncertain times. The safety of our employees and partners has been and shall continue to be of paramount importance to us. I would also take this opportunity to thank all our stakeholders for the contribution made and look forward to their continued support.



Ritesh Kumar
MD & CEO

Board of Directors

Mr. Deepak S. Parekh
Chairman
(DIN: 00009078)

Directors
Mr. Keki M. Mistry
(DIN: 00008886)

Ms. Renu Sud Karnad
(DIN: 00008064)

Mr. Alexander Ankel
(DIN: 07798908)
(upto October 11, 2020)

Dr. Oliver Martin Willmes
(DIN: 08876420)
(w.e.f October 12, 2020)

Mr. Theodoros Kokkalas
(DIN: 08093899)
(upto October 11, 2020)

Dr. Clemens Matthias Muth
(DIN: 07824451)
(w.e.f October 12, 2020)

Mr. Bernhard Steinruecke
(DIN: 01122939)

Mr. Mehernosh B. Kapadia
(DIN: 00046612)

Mr. Arvind Mahajan
(DIN: 07553144)

Mr. Ameet P. Hariani
(DIN: 00087866)

Mr. Samir H. Shah
Executive Director & CFO
(DIN: 08114828)

Mr. Anuj Tyagi
(DIN: 07505313)
Executive Director & CBO
(upto April 19, 2021)
Deputy Managing Director
(w.e.f April 20, 2021)

Mr. Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)

Senior Management

Mr. Rahul Ahuja
Mr. Ankur Bahorey
Mr. Parthanil Ghosh
Mr. Sanjay Kaw
Mr. Mehmood Mansoori
Mr. Anurag Rastogi
Mr. Ravi Vishwanath

Mr. Hiten Kothari

Mr. Dayananda V. Shetty
Membership No.: FCS 4638

Appointed Actuary

Company Secretary

Auditors

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

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

Axis Trustee Services Limited
2nd Floor, Axis Bank Limited,
Plot No. 25, Pusa Road,
Karol Bagh, New Delhi - 110 005.

HDFC ERGO General Insurance Company Limited

(A subsidiary of Housing Development Finance Corporation Limited)

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

Website: www.hdfcergo.com | E-mail: care@hdfcergo.com | Tel. No. : +91 22 6638 3600

CIN: U66030MH2007PLC177117 | IRDAI Reg. No. 146.

Customer Experience Management, Customer Happiness Center: D-301, 3rd Floor, Eastern Business District (Magnet Mall), LBS Marg, Bhandup (West), Mumbai 400 078. Customer Service No.: 022 - 6234 6234 / 0120 - 6234 6234 | care@hdfcergo.com | www.hdfcergo.com

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 subsequently appointed as the Managing Director of HDFC (designated as 'Chairman') in 1993. He retired as the Managing Director of HDFC on December 31, 2009. He was appointed as a Non-Executive Director of HDFC w.e.f. January 1, 2010. Mr. Parekh has been honored with several awards and accolades viz. Padma Bhushan, one of the highest civilian awards by Government of India in 2006, 'Bundesverdienstkreuz' Germany's Cross of the Order of Merit, one of the highest distinction by the Federal Republic of Germany in 2014, Knight in the Order of the Legion of Honour, one of the highest distinctions by the French Republic in 2010, first of a network of international ambassadors for championing London across the globe by the Mayor of London in 2017, first international recipient of the Outstanding Achievement Award by the Institute of Chartered Accountants in England and Wales in 2010 and 'Lifetime Achievement Award' at CNBC TV18's 15th India Business Leader Awards, 2020.



Mr. Keki M. Mistry (DIN: 00008886) is a Non-Executive Director of the Company. Mr. Mistry is the Vice Chairman & Chief Executive Officer of Housing Development Finance Corporation Limited (HDFC). He is a fellow of The Institute of Chartered Accountants of India. He joined HDFC in 1981 and was appointed as the Executive Director in 1993, as the Deputy Managing Director in 1999 and as the Managing Director in 2000. He was re-designated as the Vice Chairman & Managing Director of HDFC in October 2007 and as the Vice Chairman & Chief Executive Officer w.e.f. January 1, 2010. He is currently the Chairman of CII National Council on Corporate Governance and a member of Primary Markets Advisory Committee set up by the Securities and Exchange Board of India (SEBI). He was also a member of the Committee of Corporate Governance set up by SEBI.



Ms. Renu Sud Karnad (DIN: 00008064) is a Non-Executive Director of the Company. Ms. Karnad is the Managing Director of Housing Development Finance Corporation Limited (HDFC). She holds a Master's degree in Economics from the University of Delhi and a Bachelor's degree in law from the University of Mumbai. She is a Parvin Fellow - Woodrow Wilson School of Public and International Affairs, Princeton University, U.S.A. She joined HDFC in 1978 and was appointed as the Executive Director in 2000, re-designated as the Joint Managing Director of HDFC in October 2007. Ms. Karnad has been the Managing Director of HDFC w.e.f. January 1, 2010. Ms. Karnad is currently the President of the International Union for Housing Finance (IUHF), an association of global housing finance firms.



Dr. Oliver Martin Willmes (DIN: 08876420) is a Non Executive Director of the Company. He has studied Business Administration at the University of Cologne. Dr. Willmes has done MBA from Eastern Illinois University, USA. Dr. Willmes is currently the Chairman of the Board of Management and Chief Operating Officer at ERGO International AG.



Dr. Clemens Matthias Muth (DIN: 07824451) is a Non-Executive Director of the Company. He has studied Economics at the Universities of Mainz and Munich. He has done Doctorate in Economics from Munich University. He is currently the Chairman of the Board of Management of DKV Deutsche Krankenversicherung AG and also a Member of the Board of Management of ERGO Group AG responsible for all lines of Insurance.



Mr. Bernhard Steinruecke (DIN: 01122939) was the Director General of Indo-German Chamber of Commerce from 2003 till 2021. 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 GlaxoSmithKline 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. Mr. Kapadia was 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. Mahajan was appointed as an Independent Director of the Company for a period of 5 years w.e.f. November 14, 2016.



Mr. Ameet P. Hariani (DIN: 00087866) has over 33 years of experience advising clients on corporate and commercial law, mergers and acquisitions, real estate and real estate finance transactions. He has represented large organizations in international real estate transactions, arbitrations and prominent litigations. He was a partner at Ambubhai and Diwanji, Mumbai and Andersen Legal India, Mumbai. He is the Founder and Managing Partner of Hariani & Co. since the year 1991. He holds Law degree from Government Law College, Mumbai and Masters in Law degree from the University of Mumbai. He is a Solicitor enrolled with the Bombay Incorporated Law Society and the Law Society of England and Wales. He is also a member of the Law Society of Singapore, the Bar Council of Maharashtra and the Bombay Bar Association. Mr. Hariani was appointed as an Independent Director of the Company for a period of 5 years w.e.f. July 16, 2018.



Mr. Samir H. Shah (DIN: 08114828) is a Fellow member of The Institute of Chartered Accountants of India (FCA), an Associate member of The Institute of Company Secretaries of India (ACS) and The Institute of Cost Accountants of India (ACMA). He joined the Company in 2006 and has about 30 years of work experience, of which over 14 years in the General Insurance sector. Mr. Shah is the Executive Director of the Company appointed for a period of 5 years w.e.f. June 1, 2018 and is currently responsible for Finance, Accounts, Tax, Secretarial, Legal & Compliance, Risk Management, Internal Audit functions of the Company.



Mr. Anuj Tyagi (DIN: 07505313) is a Chemistry (H) graduate and has a Post Graduate Diploma in Business Management. Mr. Tyagi has about 21 years of work experience in Insurance and Banking. He joined the Company in 2008 as Head – Corporate Business Group. Mr. Tyagi was appointed as a Whole-time Director (designated as Executive Director & CBO) of the Company for a period of 5 years w.e.f. May 1, 2016. On November 13, 2020, Mr. Tyagi was re-appointed as the Executive Director & CBO for a further period of 5 years and thereafter re-designated as the Deputy Managing Director w.e.f. April 20, 2021.



Mr. Ritesh Kumar (DIN: 02213019) is the Managing Director and CEO of the Company since 2008. Mr. Kumar has about 29 years of experience in the Financial Services Industry, of which the first 10 years were in Banking and the last 19 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 Fourteenth Annual Report of your Company together with the audited financial statements for the financial year ended on March 31, 2021. The merger of HDFC ERGO Health Insurance Limited (HEHI) with the Company was effective from November 13, 2020 with Appointed Date as March 1, 2020. Accordingly, the financial results for FY 2020-21 are for the merged entity.

Financial Results

(₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020*
Gross Written Premium	12,443.9	9,760.1
Net Written Premium	6,504.3	4,866.9
Net Earned Premium	6,405.6	4,450.4
Other Income/Liabilities written back	7.4	4.8
Net Incurred Claims	4,852.0	3,524.1
Net Commission (Income)/ Expenses	(198.3)	(211.9)
Expenses of Management	2,080.8	1,543.6
Investment Income - Policyholders	958.5	734.9
General Insurance Result	636.9	334.3
Investment Income - Shareholders	186.0	146.4
Profit before Tax - Before providing for diminution in value of investments & write-off of Bad and Doubtful Investments	822.9	480.7
Provision towards diminution in value of investments & write-off of Bad and Doubtful Investments	31.2	21.7
Profit before Tax - After providing for diminution in value of investments & write-off of Bad and Doubtful Investments	791.8	459.0
Provision for Tax	200.1	103.6
MAT Credit Written Off	-	28.4
Profit after Tax	591.7	326.9
Interim Dividend	213.5	-
Transfer to Debenture Redemption Reserve	-	2.4
Profit carried to Balance Sheet	378.2	324.5
Credit balance in P & L account at the year end	778.4	832.0

*Comprises of financial results of the Company for the period of 12 months and 1 month of HEHI as the Appointed Date for merger was March 1, 2020.

Performance

The Gross Written Premium (GWP) of the Company increased to ₹ 12,443.9 crore (PY: ₹ 9,760.1 crore). The Net Earned Premium increased to ₹ 6,405.6 crore (PY: ₹ 4,450.4 crore). The Company achieved a Profit before Tax of ₹ 791.8 crore (PY: ₹ 459.0 crore) after providing for diminution in the value of investments and write-off of Bad and Doubtful Investments amounting to ₹ 31.2 crore (PY: ₹ 21.7 crore). The Profit after Tax for the year is ₹ 591.7 crore (PY: ₹ 326.9 crore).

Dividend

The Board of Directors had approved the payment of an interim dividend of ₹ 3 per equity share of ₹ 10 each for the financial year 2020-21 in March 2021. During FY20, the Company did not pay any dividend in view of advice from IRDAI to all insurers to refrain from dividend pay-outs in view of COVID-19 pandemic. No amount is lying in the unpaid dividend account.

No final dividend was recommended by the Board.

Increase in Paid-up Share capital

During the year, the Company allotted 3,45,651 equity shares of ₹ 10 each pursuant to exercise of stock options under Employees Stock Option Plan-2009 (ESOP-2009). Further, in terms of the Scheme of Amalgamation of HEHI with the Company, 10,53,77,232 equity shares of ₹ 10 each were allotted to the shareholders of HEHI on November 13, 2020.

The Paid-up equity share capital of the Company has increased to ₹ 711.6 crore as on March 31, 2021 from ₹ 605.8 crore as on March 31, 2020 and the Share Premium Account increased to ₹ 1,401.3 crore as on March 31, 2021 from ₹ 1,395.8 crore as on March 31, 2020.

Non-Convertible Debentures

As at March 31, 2021, the Company's outstanding Non-Convertible Debentures (NCDs) stood at ₹ 504.00 crore consisting of:

- 3,500 Unsecured, Subordinated, Fully Paid-up, Listed, Redeemable NCDs of the face value of ₹ 10,00,000 each, with a coupon of 7.60% per annum allotted on November 9, 2016 and are redeemable on November 9, 2026.
The NCDs are rated by CRISIL and ICRA and were assigned the highest rating of CRISIL AAA/Stable and ICRA AAA/Stable respectively;
- 800 Unsecured, Subordinated, Fully Paid-up, Listed, Redeemable NCDs of the face value of ₹ 10,00,000 each, with a coupon of 8.40% per annum allotted on September 18, 2017 and redeemable on September 17, 2027;

- iii. 740 Unsecured, Subordinated, Fully Paid-up, Listed, Redeemable NCDs of the face value of ₹ 10,00,000 each, with a coupon of 10.25% per annum allotted on September 18, 2018 and redeemable on September 17, 2028.

The above two NCDs are rated by CRISIL, CARE, Acuité and ICRA and were assigned the highest rating of CRISIL AAA/Stable, CARE AAA/Stable, Acuité AAA/Stable and ICRA AAA/Stable respectively.

All the above NCDs are listed on the Whole Sale Debt Market Segment of BSE Limited.

The Company has been regular in servicing its interest towards NCDs.

Debenture Redemption Reserve

In accordance with the provisions of Section 71 of the Companies Act, 2013 ('Act') read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, the Company was transferring amounts to the Debenture Redemption Reserve (DRR) from its profit till the quarter ended June 30, 2019.

In terms of the Companies (Share Capital and Debenture) Amendment Rules, 2019 issued by the Ministry of Corporate Affairs (MCA) vide its notification dated August 16, 2019, DRR is not required to be created by listed companies in case of privately placed debentures. In view of the same, the Company has stopped creating DRR w.e.f quarter ended September 30, 2019.

By an amendment to the Companies (Specification of definitions details) Rules, 2014, MCA vide its notification dated February 19, 2021 has clarified that, public companies which have not listed their equity shares on a recognized stock exchange but have listed their non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Debt Securities) Regulation, 2008 shall not be considered as a listed company w.e.f April 1, 2021.

Accordingly, the Company will not be categorized as a listed company under the Act and consequently, in terms of Rule 18(7)(b)(iv)(B) of the Companies (Share Capital and Debentures) Rules, 2014 as amended, the Company has to create DRR of 10% of value of outstanding debentures, w.e.f April 1, 2021.

As at March 31, 2021, the balance in DRR stands at ₹ 35.6 crore.

Extract of Annual Return

The extract of the Annual Return in prescribed Form MGT- 9 is available on the website of the Company (www.hdfcergo.com).

Number of meetings of the Board

During the year, the Board met seven (7) times on May 8, 2020, June 12, 2020, July 22, 2020, October 21, 2020, November 13, 2020, January 21, 2021 and March 3, 2021.

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 Company has in place a Board approved Policy on Appointment of Directors and Members of Senior Management and other Employees (Appointment Policy) and Remuneration Policy for the Directors, Key Managerial Personnel (KMPs), Senior Management and other Employees (Remuneration Policy).

The objective of the Appointment Policy is inter-alia to provide 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 shareholders, policyholders, channel partners and employees.

The objective of the Remuneration Policy is inter-alia to ensure that (i) 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; (ii) a reasonable balance is maintained in the composition of remuneration (fixed and variable component); (iii) to have performance measurement parameters in place to assess the overall performance of Directors, KMPs, Members of Senior Management and other employees; and (iv) the remuneration of Whole-time Directors including Managing Director & CEO, is fixed keeping in perspective the various risks including their time horizon and that such remuneration reflects the performance of the Company measured against performance objectives including risk outcomes.

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

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 the 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/ claims/ rent is received from or paid to related parties.

Audit and Compliance Committee of Directors has given in-principle approval to enter into 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 of Directors 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 KMPs 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

There were no material changes or commitments, affecting the financial position of the Company between March 31, 2021 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 with respect to disclosure of particulars regarding conservation of energy and technology absorption are not applicable to the Company.

During the year, the Company incurred an expenditure of ₹ 308.6 crore in foreign exchange (PY: ₹ 172.2 crore) mainly on account of reinsurance premium and claims

payment. Premium received and claims on reinsurance ceded in foreign exchange during the year was ₹ 154.0 crore (PY: ₹ 172.8 crore).

Risk Management Framework

The Company recognizes that risk is an integral element of insurance business and realizes the criticality of institutionalized risk management practices to meet its objectives. The Company has therefore established an effective and robust enterprise wide Risk Management Framework (RMF), which addresses all relevant risks including strategic risk, operational risks, investment risks, insurance risks and information & cyber security risks.

Under RMF, the Company has entrusted designated Risk Owners to periodically identify, assess, manage and mitigate the risks pertaining to their respective areas of responsibility.

The Risk Management Committee of Directors (RMC) has laid down the Risk Management Philosophy and Policy of the Company. The RMC oversees the functioning of the RMF which has been designed in line with the aforesaid Philosophy and Policy. The Chief Risk Officer (CRO) is responsible for the consistent implementation of the RMF. The CRO reports to the RMC. The CRO inter-alia presents the Key and Top risks to the RMC at its quarterly meetings.

The RMC is further assisted by a Sub-Committee comprising of the CEO, Executive Directors, CRO and Heads of various business units which steers the implementation of the Company's Risk Management Philosophy, Strategies, Policies and Procedures.

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

Underwriting and Reserving Risks

Underwriting Risk is the risk of change in value due to a deviation of the actual claims payment from the expected amount of claims payment. Underwriting Risk encompasses risk of concentration and insufficient diversification.

Reserving Risk is the risk of eventual cost of claims diverging from the booked reserves due to under-reserving which can make certain classes of business look profitable than they really are. Conversely, over-reserving tends to lock in unnecessary capital and could result in portfolio steering in the wrong direction.

The following controls and mitigation measures have been established to effectively mitigate aforesaid risks:

- The Underwriting Guidelines are used as a basis for underwriting of risks and basis for pricing charged to the proposer;

- Prudent margins are built in reserves and a regular monitoring of its adequacy is done;
- Adequate protection is ensured through a well designed Reinsurance Program with financially sound reinsurers;
- Catastrophe (CAT) protection has also been ensured to mitigate the risks of large losses arising from probable catastrophic events;
- Detailed Reserving Guidelines are documented for all classes of business which define the procedures to be adhered to; and
- The efficacy of the default reserve formula is reviewed on a periodic basis to identify any significant changes in loss development patterns/IBNR utilization trends and adjusted if deemed necessary and agreed by all stakeholders.

Credit and Market Risk

Adverse change in financial situation due to fluctuation in the market price of investment assets, its liquidity and credit quality are some of the material risks faced by the General Insurers.

The Company's Investment Function is overseen by the Investment Committee, duly assisted by the Chief Investment Officer (CIO). The investments of the Company are made as per the Board approved Investment Policy, Investment Strategy Document and the Standard Operating Guidelines and are compliant 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 maintaining a diversified investment portfolio having desired mix between Debt and Equity in accordance with the Investment Policy.

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

Credit risk or risk of default of counter parties is managed by investing a substantial portion of the investible corpus in securities with prescribed Credit Rating (Sovereign and AAA rated securities).

The aforementioned risks are reviewed and monitored on a regular basis by the Management and the Investment Committee.

Credit risk also arises on the reinsurance protection taken by the Company. The Company ensures that it enters into reinsurance agreements with reinsurers who

comply with the prescribed minimum Financial Security Rating (FSR). This minimizes its credit risk exposures in reinsurance protection arrangements.

Operational Risks

The Company faces varied operational risks in the various processes it operates in the course of its day to day business such as Underwriting, Policy Administration, Claims, Finance, Investment, Marketing, Customer Experience, etc. Operational risks majorly arise from breakdowns in internal processes, people and systems.

Operational risks are mitigated by developing comprehensive policies and processes and by implementing both automated and manual controls across various activities performed by various departments.

Business Continuity risks are managed by implementing a robust Business Continuity Policy and Process to ensure continuity of key services at minimum acceptable level of business and safety of human resources. The Company has an alternate Disaster Recovery (DR) site and identified critical business processes are tested periodically at the DR site to assess its operational preparedness in the case of any eventuality. The Company has been certified under ISO 22301:2012 for its Business Continuity practices.

Information & Cyber Security

The Company assigns critical importance to information and cyber security risks. Insurance business is highly information driven where information is recognized as a critical business asset. Due to emerging information and cyber security threats in the Insurance Industry, it is imperative that business information is protected adequately through appropriate controls and proactive measures.

To manage the existing and emerging information and cyber security risks, following are in place:

- Board approved Information and Cyber Security Policy;
- Board approved Information and Cyber Security Crisis Management Plan;
- ISO 27001 Certified Information Security Management System;
- Awareness program for employees such as awareness mailers, simulation and tabletop exercises, classroom trainings, etc; and
- Vulnerability Assessment and Penetration Testing exercise on a periodic basis.

The Company has had an independent assessment done for Capability Maturity Model integration (CMMi) of its

Information & Cyber Security processes to benchmark its practices against the globally recognized CMMi standard. As per the results of the independent assessment exercise, the Company's overall Cyber & Information Security has been assessed as "Processes are strong, continuously monitored and measured."

Corporate Social Responsibility (CSR)

The Company's CSR Policy is hosted on its website - www.hdfcergo.com. The Policy 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.

MCA vide its notification dated January 22, 2021, amended the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The amendments primarily acknowledges the 'ongoing projects' which spread over relatively longer tenure and utilization of funds for such CSR projects, aids the CSR Committee in better assessing and monitoring the CSR projects through review of 'Annual Action Plan'.

The Annual Action Plan shall include the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act, 2013 ('Act') the manner of execution of such projects or programmes, the modalities of utilization of funds and implementation schedules, monitoring and reporting mechanism and details of need and impact assessment, if any, for the projects undertaken by the 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 Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended is appended to this Report.

During the year, the Company has spent the mandatory CSR spend of ₹ 9.52 crore on various CSR activities, projects and programmes.

During the year, the re-construction of 3 Government schools viz. Domabaramattur at Haveri, Karnataka; Jamkhar at Jabalpur, Madhya Pradesh and Mithivavdi at Patan, Gujarat was fully completed. The project is expected to positively impact the growth in student enrollment, average attendance rate, continuation of education of girls, student's interest in sports and/or extra-curricular activities and reduction in dropout rate in schools. Over 373 students and teachers were benefitted through this initiative.

Under Gaon Mera FY21, during the year, 1 Government school viz. Dighal at Jhajjar, Haryana was taken up for re-construction and foundation work is in progress.

Besides the above, the Company has contributed to furthering the cause of education of girl children by sponsoring education by supporting 50 learning centers impacting over 1,400 girls attending the sessions in 2 states and supporting 3 students on full scholarship for three year undergraduate program.

The cause of health is one of our mainstays and the Company has sponsored over 2,500 eye surgeries for people from economically challenged backgrounds across India. Support has been extended to 15 children suffering from Congenital Heart Defect (CHD) from 12 states and 40 special adults for co-guardianship in ADHAR centers. Also, Teleclinic centers are being run in 11 villages.

Our country is facing one of its biggest challenges in the face of COVID-19 pandemic. Your Company has joined this fight on ground by contributing to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund). Your Company has distributed washable masks to 5,000 tribal children, 3,225 hygiene kits to farmers and 1,000 ration kits to underprivileged families, supported in awareness drive in 12 states to prevent COVID-19 and quarantine centers and Government Hospitals by providing medical instruments and ambulances.

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.

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 Company's strategy, protecting legitimate interest of various stakeholders, implement 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 judgement, 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.

In addition to the above, Whole-time Directors were also evaluated on other parameters such as involvement in the job requirements with dedicated competence, quest for improvement in performance, ability to function as an effective team-member, sufficient understanding and knowledge of the Company and the sector in which the Company operates, understanding and fulfillment of functions assigned by the Board and the law, taking initiative with respect to various areas.

Particulars of Employees and other related disclosures

The total employee strength of the Company as on March 31, 2021 stood at 6,410.

During the year, 14 employees employed throughout the year were in receipt of remuneration of ₹ 1.02 crore or more per annum or ₹ 8.50 lakhs 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 as required under Rule 5(1) of the said Rules are provided in Annexure 1 appended to the Directors' Report.

Disclosures on remuneration of Managing Director and Key Management Persons as mandated under IRDAI Guidelines on Remuneration of Non-Executive Director and Managing Director/ Chief Executive Officer/ Whole-Time Director of Insurers 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 fixing 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.

(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. Top line 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.

The remuneration payable to the Whole-time Directors including Managing Director and CEO is subject to approval from the shareholders of the Company and IRDAI.

(ii) Quantitative Disclosures

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Number of MD/ CEO/ WTDs having received a variable remuneration award during the financial year	3*	3*
Number and total amount of sign-on awards made during the financial year	NIL	NIL
Details of guaranteed bonus, if any, paid as joining / sign on bonus	NIL	NIL
Breakdown of amount of remuneration awards for the financial year (Amount in ₹)		
Fixed	7,59,38,032	7,64,24,458
Variable	3,34,03,999	3,75,00,492
Deferred	NIL	NIL
Non-deferred	NIL	NIL
Total amount of deferred remuneration paid out in the financial year	NIL	NIL
Total amount of outstanding deferred remuneration		
Cash (₹ in million)	NIL	NIL
Shares (nos.)	NIL	NIL
Shares-linked instruments#	4,62,500	NIL
Other forms	NIL	NIL

*Mr. Anuj Tyagi was the Executive Director & CBO of the Company upto January 8, 2020 and was deputed as the Managing Director & CEO of HEHI w.e.f January 9, 2020. Pursuant to merger, Mr. Tyagi has been appointed as the Executive Director & CBO of the Company for a period of 5 (five) years w.e.f. November 13, 2020. Mr. Tyagi was re-designated as Deputy Managing Director at the Board Meeting held on April 20, 2021.

Aggregate ESOPs granted at the prevailing fair market value, detailed elsewhere in this report.

In addition to the above, the Whole-time Directors are entitled to and provided perquisite in the nature of Company owned car with fuel reimbursement, provident fund, gratuity, club membership, housing loan interest subsidy and benefit of medical, life and personal accident insurance, post approval of the NRC in accordance with the Remuneration Policy.

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, Practicing Company Secretaries for conducting Secretarial Audit for FY 2020-21.

The Secretarial Audit Report is appended to this Report.

Employees Stock Option Plan (ESOP)

During the year, the Company granted 15,40,500 stock options in respect of 15,40,500 equity shares of ₹ 10 each at an exercise price of ₹ 363.80 per option under ESOP-2009 to 39 eligible employees.

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.

Further, during the year, pursuant to merger of HEHI with the Company, in terms of the Scheme of Amalgamation, with respect to 19,09,000 options outstanding under HEHI Employee Stock Option Scheme, 4,95,864 stock options were issued to the Option holders under HEHI Employee Stock Option Scheme under HDFC ERGO Employee Stock Option Plan - 2009, in accordance with Swap Ratio of 100:385. The exercise price of these Options was also appropriately adjusted in accordance with said Swap Ratio. The terms as to vesting and exercise remained unchanged.

During the year, Options vested aggregated to 7,69,192 and Options exercised aggregated to 3,45,651. Pursuant to the said exercise, the Company received ₹ 5.71 crore as exercise consideration (excluding tax). Pursuant to exercise of Options, 3,45,651 equity shares of ₹ 10 each have been allotted to the concerned employees.

During the year, 5,03,728 Options lapsed and the Options in force as on March 31, 2021 were 53,01,099.

There has been no variation in the terms of the Options granted.

The diluted EPS is ₹ 8.29 against a basic EPS of ₹ 8.32.

Employee wise details of Options granted during the year to KMPs and employees who received grant amounting to 5% or more of the Options granted during the year are as follows:

Name of the employee	Position	No. of Options granted and % ge to total grant
Ritesh Kumar	Managing Director and CEO	2,25,000 (14.61%)
Samir H. Shah	Executive Director & CFO	1,12,500 (7.30%)
Dayananda V. Shetty	Company Secretary & Chief Compliance Officer	28,000 (1.82%)

Mr. Anuj Tyagi, Deputy Managing Director, who was the Managing Director & CEO of HEHI until merger, was granted 4,81,250 stock options at a Grant Price of ₹ 93.30 per Option under HEHI Employee Stock Option Scheme. Pursuant to merger, he has been issued 1,25,000 stock options under HDFC ERGO Employees Stock Option Plan - 2009 at an Exercise Price of ₹ 359.21 per Option.

No employee was granted Options in excess of 1% of the issued share capital of the Company at the time of grant.

Public Deposits

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

Auditors

At the tenth Annual General Meeting (AGM) held on September 29, 2017, Members had appointed Messrs B. K. Khare & Co., Chartered Accountants (Registration No. of the firm with the ICAI: FRN 105102W) and Messrs G. M. Kapadia & Co., Chartered Accountants (Registration No. of the firm with the ICAI: FRN 104767W), as the Joint Statutory Auditors of the Company to audit the accounts of the Company upto FY 2021-22 and hold office as such upto the conclusion of the fifteenth AGM of the Company.

The requirement to place the matter relating to ratification of appointment of auditors by Members at every AGM has been omitted by the Companies (Amendment) Act, 2017 w.e.f May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the ensuing AGM and a note in respect of same has been included in the Notice convening the fourteenth AGM.

Subsidiary Company

The Company has no subsidiaries.

Directors and Key Managerial Personnel

Re-appointment of Independent Directors

Mr. Bernhard Steinruecke and Mr. Mehernosh B. Kapadia were appointed as Independent Directors for a period of 5 (five) years, w.e.f September 9, 2016 and Mr. Arvind Mahajan was appointed as an Independent Director for a period of 5 (five) years w.e.f November 14, 2016. Accordingly, the present term of Mr. Bernhard Steinruecke and Mr. Mehernosh B. Kapadia would expire on September 8, 2021 and that of Mr. Arvind Mahajan on November 13, 2021.

The Board, pursuant to the provisions of the Act and based on the recommendation of the NRC, recommends the re-appointment of Mr. Bernhard Steinruecke and Mr. Mehernosh B. Kapadia for the second term of 5 (five) years w.e.f September 9, 2021 and Mr. Arvind Mahajan w.e.f November 14, 2021. As required under the provisions of Section 149(10) of the Act, the proposal for re-appointment of aforesaid three Independent Directors is placed before the Members for consideration and approval at the ensuing AGM by way of special resolution.

The Board is of the view that Mr. Bernhard Steinruecke, Mr. Mehernosh B. Kapadia and Mr. Arvind Mahajan are persons of integrity and possesses relevant expertise and experience to be appointed as Independent Directors of the Company and fulfils the conditions specified in the Act and the rules made thereunder and they are independent of the Management.

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. Keki M. Mistry (DIN: 00008886) and Ms. Renu S. Karnad (DIN: 00008064), Directors, would retire by rotation at the ensuing AGM and being eligible, have offered themselves for re-appointment and the same is included in the Notice of the fourteenth AGM circulated to the Members.

Orientation Programme for Independent Directors and Non-Executive Directors

During FY20, the Insurance Regulatory and Development Authority of India (IRDAI) vide letter dated December 13, 2019, had advised all the insurance companies to ensure that all its independent directors participate in a 2 day residential Orientation Programme for Independent Directors to be conducted by the National Insurance Academy (NIA), Pune. The programme provides insights into the statutory and regulatory framework on the entities with respect to which they are/would be acting as Independent Directors. All the Independent Directors of the Company attended the said Orientation Programme.

IRDAI vide its letter dated February 23, 2021 advised all the insurance companies to ensure that all its Non-Executive Directors participate in a 3 day online Orientation Programme to be conducted by NIA, Pune. The objective of the programme is to ensure high levels of corporate governance standards and to facilitate fulfillment of obligations of Non-Executive Directors in a prudent manner. The sector specific Orientation Programme would provide insights relating to the industry requirements.

Opinion of Board (Independent Directors Databank)

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise in insurance, banking, finance, accountancy, economics, law, etc. and they hold highest standards of integrity.

The Company has taken appropriate steps towards the inclusion of the names of all Independent Directors in the Databank of Independent Directors maintained by the Indian Institute of Corporate Affairs, Manesar ('IICA'). Further, in terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors are required to undertake online proficiency self-assessment test conducted by the IICA within a period of one (1) year from the date of inclusion of their names in the Databank.

Proviso to Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014 provides that the Independent Directors shall not be required to pass the online proficiency self-assessment test, if they have served as a Director or Key Managerial Personnel, for a total period of not less than ten years, as on the date of inclusion of their name in the Databank, in one or more of the following entities:-

- (a) listed public company; or
- (b) unlisted public company having a paid-up share capital of rupees ten crore or more; or
- (c) body corporate listed on a recognized stock exchange.

Of the four Independent Directors, three were in compliance with the above criteria and one of the Independent Director has successfully completed the online proficiency self-assessment test.

Declaration by Directors

The Company has received declarations from all Independent Directors confirming that they meet the criteria of independence as provided under sub-section 6 of Section 149 of the Act.

The Company has received declarations from all Directors confirming that they are not disqualified from

being appointed as Directors under the provisions of Section 164 of the Act. Further, all the Directors have confirmed that they comply with the 'fit and proper' criteria prescribed under the Corporate Governance Guidelines issued by IRDAI vide circular dated May 18, 2016 ('Guidelines').

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

There are no significant or material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future.

Internal control over Financial Reporting

The internal 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 applicable accounting principles and includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the Company; (ii) 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 (iii) provide reasonable assurance regarding prevention and timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company has established adequate internal control procedures, commensurate with the nature of its business and size of its operations and the same are periodically monitored and reviewed by the Management for its adequacy and appropriateness. Standard Operating Procedures are in place largely for all areas of operations and the same are reviewed periodically. The Management has assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2021. As a result of the evaluation, the Management has concluded that the Company's internal control over financial reporting was effective as of March 31, 2021 with no significant deficiency.

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)

Pursuant to notification of the Companies (Indian Accounting Standards) Rules, 2015, IRDAI vide circular dated March 1, 2016, directed the insurance companies to prepare financial statements in accordance with Ind AS from April 1, 2018 onwards, with comparatives for the period ended March 31, 2018.

On May 18, 2017, the International Accounting Standards Board (IASB), issued IFRS 17: Insurance Contracts (applicable from January 1, 2021) replacing IFRS 4: Insurance Contracts. Consequently, IRDAI vide circular dated June 28, 2017, deferred the implementation of Ind AS for a period of two years i.e. to be implemented effective FY 2020-21. Considering the challenges in implementation and concerns expressed by various stakeholders, on November 14, 2018, the IASB proposed the deferral of IFRS 17, by one year i.e. to be implemented from January 1, 2022.

IRDAI vide circular No. IRDAI/F&A/CIR/ACTS/023/01/2020 dated January 21, 2020 informed the insurance companies that IRDAI would be in a position to notify the Regulations on preparation of Ind AS compliant financial statements only after final amendments to IFRS 17 are carried out by IASB and corresponding Indian equivalent standard is notified by MCA and stated that it has decided to implement all applicable Ind AS simultaneously from an effective date that would be decided after the finalization of IFRS 17 by IASB. Further, vide notification dated March 17, 2020, IASB decided that the effective date of IFRS 17, will be deferred to annual reporting periods beginning on or after January 1, 2023.

Further, in June 2020, the IASB has published amendments to IFRS 17 and subsequently, in December 2020, the Institute of Chartered Accountants of India (ICAI) has issued an exposure draft of amendments to Ind AS 117 corresponding to aforesaid amendments in IFRS 17 issued by IASB.

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

The Company has framed a Policy on Prohibition of Sexual Harassment at the workplace (POSH Policy) based on the Sexual Harassment of Women at Workplace

(Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) 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.

In accordance with the provisions relating to the constitution of Internal Complaints Committee under the POSH Act, the Company has constituted an Internal Complaints Committee (ICC). Presently, ICC comprises of six members, of which three 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 POSH Policy. An online POSH module was enabled for all employees (including study material followed by compulsory test). Also during the year, 3 sessions were conducted on an on-going basis to create awareness about the Policy amongst the employees.

During the year under review, 3 cases were reported and are duly closed.

Secretarial Standards

The Company has complied with the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

Registrar & Share Transfer Agent

The Company has two Registrar and Transfer Agent (RTAs) (i) KFin Technologies Pvt. Ltd. (formerly known as Karvy Fintech Private Limited) (ii) Beetal Financial & Computer Services Pvt. Ltd. The address of the RTAs are as follows:

For ISIN: INE225R01027 & INE392I08011	For INE092V08010 & INE092V08028
KFin Technologies Pvt. Ltd. Kary Selenium Tower B, Plot No. 31-32, Nanakramguda, Gachibowli, Serilingampally, Hyderabad - 500 032, Telangana	Beetal Financial & Computer Services Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, Near Dada Harsukhdas Mandir, New Delhi - 110 062
<u>Email id:</u> einward.ris@kfintech.com	<u>Email id:</u> beetal@beetalfinancial.com
<u>Tel No.:</u> +91-40-67162222	<u>Tel No.:</u> 011-29961281-83
<u>Website:</u> www.kfintech.com	<u>Website:</u> www.beetalfinancial.com



Directors' Responsibility Statement

In accordance with the provisions of Section 134 (5) of the Act and based on the confirmation 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 judgements 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, 2021 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 Act and Rules made thereunder, Insurance Act, 1938, as amended, Insurance Rules, 1939 and 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 express its sincere gratitude for the guidance and support extended by various authorities including the Insurance Regulatory and Development Authority of India, General Insurance Council, Competition Commission of India, Reserve Bank of India, Ministry of Corporate Affairs and other Ministries of the Government of India, Depositories and the Stock Exchanges.

The Board acknowledges the continued patronage of its policyholders, and thanks other stakeholders such as the channel partners, intermediaries and reinsurers for their continued support, trust and co-operation.

The Board takes this opportunity to thank the Promoters – Housing Development Finance Corporation Limited, ERGO International AG and Munich Health Holding AG for providing their continued guidance, co-operation and support.

The Board places on record their appreciation for the hard work, loyalty and commitment, of all the employees at all levels, enabling the Company's continued growth.

The Board remains grateful and acknowledges the indomitable spirit and commitment shown by the employees while servicing the customers and ensuring least disruption during the COVID-19 pandemic.

On behalf of the Board of Directors

DEEPAK S. PAREKH

Chairman

(DIN: 00009078)

Mumbai
April 20, 2021

Annexure 1 to Directors' Report

DISCLOSURES ON MANAGERIAL REMUNERATION

Details of remuneration as required under Rule 5(1) of the 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 2020-21:

Name	Designation	Ratio of remuneration of each Director to the median remuneration of the employees
Mr. Deepak S. Parekh	Chairman (Non-Executive)	1:1
Mr. Keki M. Mistry	Non-Executive Director	10:1
Ms. Renu Sud Karnad	Non-Executive Director	7:1
Mr. Alexander Ankel*	Non-Executive Director	-
Mr. Theodoros Kokkalas*	Non-Executive Director	-
Dr. Oliver Martin Willmes**	Non-Executive Director	-
Dr. Clemens Matthias Muth**	Non-Executive Director	-
Mr. Bernhard Steinruecke	Independent Director	11:1
Mr. Mehernosh B. Kapadia	Independent Director	12:1
Mr. Arvind Mahajan	Independent Director	12:1
Mr. Ameet P. Hariani	Independent Director	12:1
Mr. Samir H. Shah	Executive Director and CFO	58:1
Mr. Anuj Tyagi***	Deputy Managing Director	69:1
Mr. Ritesh Kumar	Managing Director and CEO	200:1

*upto October 11, 2020; **w.e.f October 12, 2020

Percentage increase in remuneration of each Director and Key Managerial Personnel in FY 2020-21:

Name	Designation	Increase in Remuneration
Mr. Ritesh Kumar	Managing Director and CEO	0%
Mr. Anuj Tyagi***	Deputy Managing Director	0%
Mr. Samir H. Shah	Executive Director and CFO	0%
Mr. Dayananda V. Shetty	Company Secretary & Chief Compliance Officer	0%

***Mr. Anuj Tyagi was the Executive Director & CBO of the Company upto January 8, 2020 and was deputed as the Managing Director & CEO of HEHI w.e.f January 9, 2020. Pursuant to merger, Mr. Tyagi has been appointed as the Executive Director & CBO of the Company for a period of 5 (five) years w.e.f November 13, 2020. Mr. Tyagi was re-designated as Deputy Managing Director at the Board Meeting held on April 20, 2021.

The Company did not pay any commission to Non-Executive Directors. It is proposed to pay commission of ₹ 10 lakh each to the Independent Directors for FY 2020-21, which is the same as paid for FY 2019-20. Further details are provided in Form MGT-9, available on the website of the Company (www.hdfcergo.com).

Percentage increase in the median remuneration of employees in FY 2020-21: 0%

Number of permanent employees on the rolls of the Company as on March 31, 2021: 6,410

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:

In view of COVID-19 pandemic, during FY 2020-21 there was no increase in salaries of managerial or non-managerial personnel.

Report of the Directors on Corporate Governance

Corporate Governance is simplistically just the way a corporation is governed. Good governance would thus entail balancing the expectations of key stakeholders for the larger good. It is only this very foundation that companies are built to last. The focus on good governance has increased with the increase in public participation in the company's ownership and will only increase with increasing globalization and foreign participation. Good Corporate Governance has therefore become imperative for instilling and maintaining investors' confidence.

The organization conducts business in a fair, transparent and ethical manner which is the bedrock of good Corporate Governance. The Company would like to share that it would continue its endeavor in improving its processes to only scale heights in good governance. It is noteworthy that recent developments across various jurisdictions have alerted the regulators and they have prescribed various rules to maintain minimum standards of governance which continues to be dynamic in accordance with the changing socio-economic environment.

Company's philosophy on Corporate Governance

The Company's philosophy on Corporate Governance has been influenced by its Promoters, Housing Development Finance Corporation Limited (HDFC) and ERGO International AG (ERGO). The Company endeavors to adhere to the well established and proven practices of HDFC and ERGO in maintaining corporate culture and the spirit in managing the business. Corporate Governance at the Company is not just adherence to legal statutes, mandatory rules and guidelines; it is the Company's philosophy to observe the spirit behind the letter. The Company believes in nurturing its long term commitment and sustainable relationships with Policyholders, Shareholders and other stakeholders.

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 endeavors to abide by its value system guided by the principles of accountability, transparency and timely disclosure of matters of interest to the stakeholders and ensuring thorough compliance with

the applicable laws and conducting business in best ethical manner.

The Company is not only committed to follow the Corporate Governance practices embodied in various regulatory provisions, but is constantly striving to adopt and adhere to the emerging best practices and benchmarking itself against such practices. The Independent Directors always watch for the business practices followed by the Company and consider the interest of various stakeholders including policyholders whilst approving major Board decisions.

The Board of Directors has taken cognizance of various regulatory changes in the overall governance framework and remains committed to imbibe the spirit of governance in all spheres of the Company's business. The Company has complied with various provisions of the Act and the Guidelines on Corporate Governance for the Insurance Sector ('Guidelines') issued by the Insurance Regulatory and Development Authority of India (IRDAI) and certain non-mandatory requirements. The status with regard to the same is listed below:

Board of Directors

The Board of Directors of the Company are responsible for ensuring fairness, transparency and accountability of the Company's business operations and they provide appropriate directions, with regard to leadership, vision, strategies, policies, monitoring, supervision, accountability to shareholders and to achieve greater levels of performance on a sustained basis as well as adherence to the best practices of Corporate Governance. The Board plays a pivotal role in creation of stakeholder value and ensures that the Company adopts sound and ethical business practices and that the resources of the Company are optimally used. The Board periodically reviews and approves the strategy and oversees the decisions of the Management.

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 the 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 the 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.

As at March 31, 2021, the Board comprised of twelve members, of which three are Whole-time Directors and nine are Non-Executive Directors. The three Whole-time Directors include the Managing Director & CEO, Executive Director & Chief Business Officer and Executive Director & Chief Financial Officer. 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 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 and Rule 6(1) and (2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended. 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 Board of Directors, their directorships in public companies as on March 31, 2021, are as set out in the below table:

Sr. No.	Directors	Category	No. of Directorships as on March 31, 2021#
1.	Mr. Deepak S. Parekh	Chairman (Non-Executive)	5
2.	Mr. Keki M. Mistry	Non-Executive Director	5

Sr. No.	Directors	Category	No. of Directorships as on March 31, 2021#
3.	Ms. Renu Sud Karnad	Non-Executive Director	8
4.	Dr. Oliver Martin Willmes*	Non-Executive Director	-
5.	Dr. Clemens Matthias Muth*	Non-Executive Director	-
6.	Mr. Bernhard Steinruecke	Independent Director	2
7.	Mr. Mehernosh B. Kapadia	Independent Director	4
8.	Mr. Arvind Mahajan	Independent Director	2
9.	Mr. Ameet P. Hariani	Independent Director	6
10.	Mr. Samir H. Shah	Executive Director & CFO	-
11.	Mr. Anuj Tyagi**	Deputy Managing Director	1
12.	Mr. Ritesh Kumar	Managing Director & CEO	-

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

*w.e.f. October 12, 2020

**Pursuant to appointment as Managing Director and CEO of HDFC ERGO Health Insurance Limited w.e.f January 9, 2020, Mr. Anuj Tyagi continued as a Non-Executive Director of the Company upto November 12, 2020 and was appointed as Executive Director & CBO w.e.f November 13, 2020 and was re-designated as Deputy Managing Director at the Board Meeting held on April 20, 2021.

The names of the Directors of the Company, as at March 31, 2021, with qualification, field of specialization/core skills/expertise are as set out in the below table:-

Name of the Director	Qualification	Field of specialization/core skills/ expertise				
		Governance	Corporate Strategy and Planning	Insurance & Risk Management	Business Management and Marketing	Accountancy and Finance
Mr. Deepak S. Parekh	Fellow of Institute of Chartered Accountants (England & Wales)	✓	✓	✓	✓	✓
Mr. Keki M. Mistry	Fellow of Institute of Chartered Accountants of India	✓	✓	✓	✓	✓
Ms. Renu Sud Karnad	Law Graduate, from University of Mumbai and Master's degree in Economics from Delhi University and Parvin Fellow - Woodrow Wilson School of International affairs, Princeton University, USA	✓	✓	✓	✓	
Dr. Oliver Martin Willmes	Business Administration at University of Cologne and MBA from Eastern Illinois University, USA	✓	✓	✓	✓	✓
Dr. Clemens Matthias Muth	Economics at University of Mainz and Munich, Doctorate in Economics from Munich University	✓	✓	✓	✓	✓
Mr. Bernhard Steinruecke	Law and Economics in Vienna, Bonn, Geneva and Heidelberg and Law Degree from the University of Heidelberg & passed Bar exam at the High Court of Hamburg		✓	✓	✓	
Mr. Mehernosh B. Kapadia	Master's degree in Commerce (Honours) and Member of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India	✓	✓	✓	✓	✓
Mr. Arvind Mahajan	Graduate (B.Com. Hons) from Shriram College of Commerce, Delhi University and Post Graduate Diploma in Management from IIM, Ahmedabad		✓		✓	✓
Mr. Ameet P. Hariani	Law degree from Government Law College, Mumbai and Masters in Law degree from the University of Mumbai	✓	✓			
Mr. Samir H. Shah	Fellow Member of The Institute of Chartered Accountants of India and an Associate Member of The Institute of Company Secretaries of India and The Institute of Cost Accountants of India	✓	✓	✓		✓
Mr. Anuj Tyagi	Chemistry (H) graduate and Post Graduate Diploma in Business Management	✓	✓	✓	✓	
Mr. Ritesh Kumar	Commerce Graduate from Shriram College of Commerce, Delhi and MBA degree from Faculty of Management Studies, Delhi	✓	✓	✓	✓	✓

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, risks pertaining to the business, approve annual business plan/ budget, 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 judgement 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, business performance, financials, investment performance and key risks pertaining to the business 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 and when 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 or the meeting could not be held in physical form due to pandemic like COVID-19. The Board and its Committees meet at least once a quarter to inter-alia review the financial, operational, investment performance and key risks impacting the business of the Company.

The Company Secretary in consultation with the Executive Board 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 also 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 present at the meeting.

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, Policyholder Protection and Grievance Redressal 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. Urgent matters are also considered and approved by passing resolution through circulation, which are noted at the next meeting. 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 finalized within thirty days and thereafter recorded in the Minutes Book.

During FY 2020-21, the Board met seven (7) times on May 8, 2020, June 12, 2020, July 22, 2020, October 21, 2020, November 13, 2020, January 21, 2021 and March 3, 2021. 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. Deepak S. Parekh	7	3
Mr. Keki M. Mistry	7	7
Ms. Renu Sud Karnad	7	7
Mr. Alexander Ankel*	3	3
Mr. Theodoros Kokkalas*	3	1
Dr. Oliver Martin Willmes**	4	4
Dr. Clemens Matthias Muth**	4	2
Mr. Bernhard Steinruecke	7	7
Mr. Mehernosh B. Kapadia	7	7
Mr. Arvind Mahajan	7	7
Mr. Ameet P. Hariani	7	7
Mr. Samir H. Shah	7	6

Directors	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Anuj Tyagi	7	7
Mr. Ritesh Kumar	7	7

*upto October 11, 2020; **w.e.f October 12, 2020

The Board also met on April 20, 2021 for consideration and approval of audited financial statements for the year ended March 31, 2021.

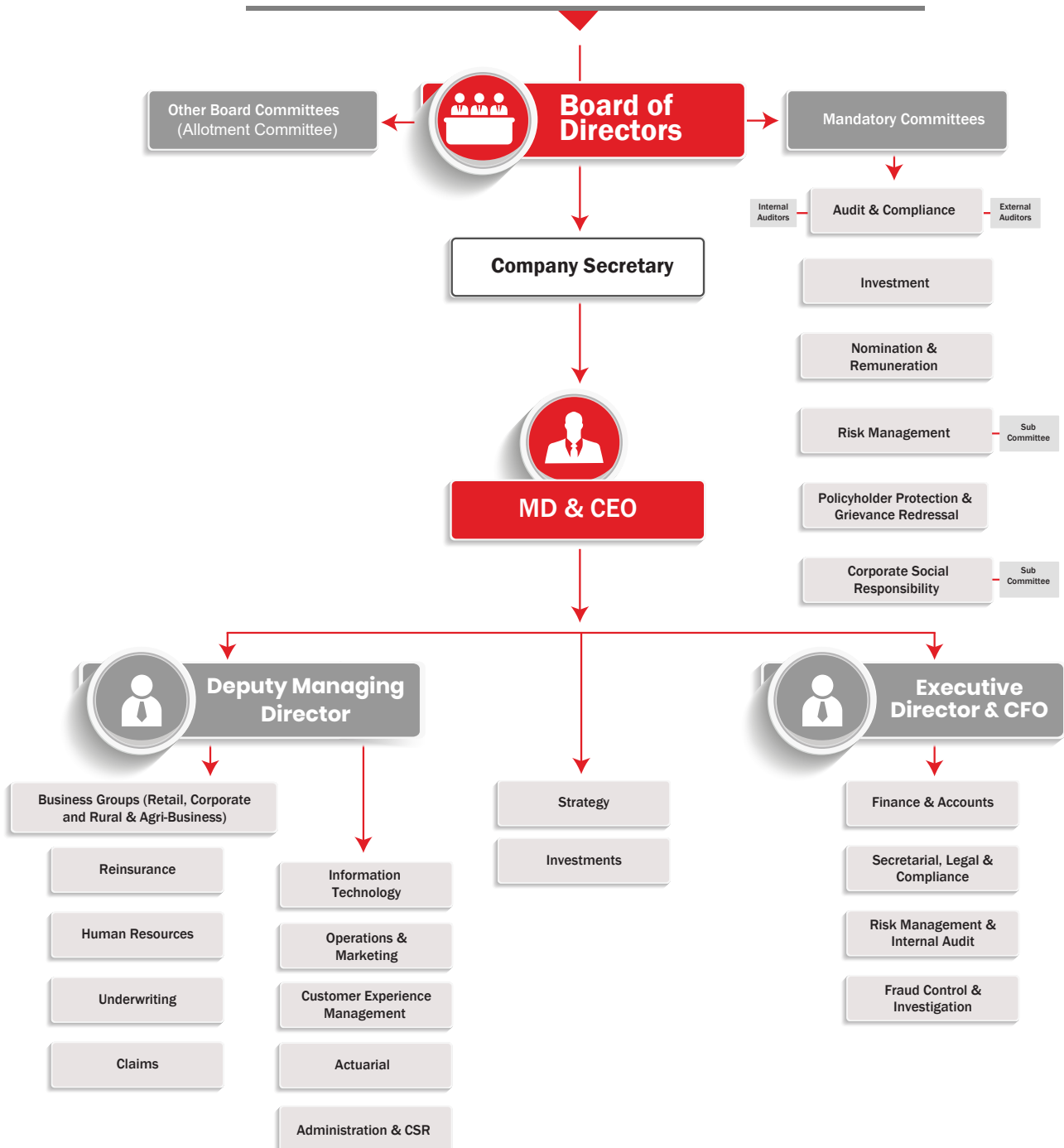
Committees

To enable better and more focused attention on the affairs of the Company and as required under regulatory provisions, the Board 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, which inter-alia includes all the statutory and regulatory stipulations. Meetings of all Committees, except Nomination and Remuneration Committee (NRC) are held on a quarterly basis. The NRC meets minimum twice in a year and as and when required for transacting business assigned to it. Minutes of the Committee meetings/ report on the activities of the Committee are submitted to the Board at its quarterly meetings. Matters requiring the Board's attention/ approval are generally placed in the form of notes/ report to the Board from the respective Committee. The Board has constituted the following Committees with specific terms of reference:

1. Audit and Compliance Committee (ACC)
2. Investment Committee (IC)
3. Risk Management Committee (RMC)
4. Policyholder Protection and Grievance Redressal Committee (PPGRC)
5. Nomination and Remuneration Committee (NRC)
6. Corporate Social Responsibility Committee (CSR)
7. Allotment Committee

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

HDFC ERGO General Insurance Company Limited



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 six (6) members – four Independent Directors and one nominee each of HDFC and ERGO. 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 Members of the 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 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. The Committee 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 needs 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, reviews the process and mechanism in place to comply with the provisions of applicable laws. The Committee recommends to the Board the appointment or re-appointment of the Statutory Auditors, Internal Auditors, Secretarial Auditors, Concurrent Auditors, Auditors for audit of remuneration paid to Motor Insurance Service Providers, 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. All the Independent Directors

who are Members of the Committee separately meet the Statutory Auditors prior to approval of audited financial statements.

During FY 2020-21, the ACC met ten (10) times on May 2, 2020, May 8, 2020, July 7, 2020, July 22, 2020, August 24, 2020, October 21, 2020, November 13, 2020, January 14, 2021, January 21, 2021 and March 9, 2021.

The Committee also met on April 20, 2021 wherein it recommended the audited Financial Statements for the year ended March 31, 2021 to the Board for approval.

The composition of the ACC and attendance of the Committee Members at the meetings held during FY 2020-21 are listed below:

Members	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Mehernosh B. Kapadia (Chairman)	10	10
Mr. Bernhard Steinruecke	10	10
Mr. Arvind Mahajan	10	10
Mr. Ameet P. Hariani	10	10
Mr. Keki M. Mistry	10	10
Mr. Alexander Ankel*	5	5
Dr. Oliver Martin Willmes*	5	5

*Dr. Oliver Martin Willmes was inducted as a Member of the Committee in place of Mr. Alexander Ankel w.e.f October 12, 2020.

Investment Committee (IC)

The Investment Committee comprises eight (8) members – one HDFC nominee, one ERGO nominee, one Independent Director, the Managing Director and CEO, the Executive Director and Chief Financial Officer, the Appointed Actuary, the Chief Investment Officer and the Chief Risk Officer. The Chief Compliance Officer and Company Secretary attends all Committee meetings. The composition of the Committee is in conformity with the provisions of the IRDAI (Investment) Regulations, 2016, as amended from time to time.

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 transactions and related systems, the investments made

by the Company during the quarter, ALM position and the investment strategy for the period ahead and provides advise and suggestions.

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

During FY 2020-21, the IC met four (4) times on May 8, 2020, July 22, 2020, October 21, 2020 and January 21, 2021. The IC also met on April 20, 2021.

The composition of the IC 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. Keki M. Mistry (Chairman)	4	4
Mr. Alexander Ankel*	2	2
Dr. Clemens Matthias Muth*	2	1
Mr. Arvind Mahajan	4	4
Mr. Ritesh Kumar	4	4
Mr. Samir H. Shah	4	3
Mr. Hiten B. Kothari (Appointed Actuary)	4	4
Mr. Abhiranjan Gupta (Chief Investment Officer)**	3	3
Mr. Sanjay Kulshrestha (Chief Investment Officer)***	1	1
Mr. Sanjay Mishra (Chief Risk Officer)	4	4

*Dr. Clemens Matthias Muth was inducted as a Member of the Committee in place of Mr. Alexander Ankel w.e.f October 12, 2020.

upto December 31, 2020; *w.e.f January 1, 2021

Risk Management Committee (RMC)

The Risk Management Committee comprises eight (8) members – three Independent Directors, two HDFC nominees, one ERGO nominee, the Managing Director and CEO and the Executive Director and Chief Financial Officer. The Chairman of the Committee is an Independent Director.

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 and thereby assisting the Board in effective monitoring of the Risk Management Framework (RMF). The RMC advises the Board with regard to risk management in relation to strategic and operational matters. The RMC also reviews the ALM and the solvency position on a regular basis.

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 FY 2020-21, the RMC met four (4) times on May 8, 2020, July 22, 2020, October 21, 2020 and January 21, 2021. The RMC also met on April 20, 2021.

The composition of the RMC and attendance of the Committee Members at the meetings held during FY 2020-21 are listed below:

Members	No. of Meetings held during the tenure	No. of meetings attended
Mr. Bernhard Steinruecke (Chairman)	4	4
Mr. Mehernosh B. Kapadia	4	4
Mr. Ameet P. Hariani	4	4
Mr. Keki M. Mistry	4	4
Ms. Renu Sud Karnad	4	4
Mr. Theodoros Kokkalas*	2	1
Dr. Oliver Martin Willmes*	2	2
Mr. Samir H. Shah	4	3
Mr. Ritesh Kumar	4	4

*Dr. Oliver Martin Willmes was inducted as a Member of the Committee in place of Mr. Theodoros Kokkalas w.e.f October 12, 2020.

The Company has a Sub-Committee of the RMC (SC-RMC) comprising of the Senior Executives including the Managing Director and CEO and Executive Directors. The SC-RMC inter-alia reviews the Company's RMF and its effectiveness, monitors key areas of existing and emerging risks and assists the RMC in fulfilling its objectives of managing various risks associated with the business of the Company. On a regular basis, the SC-RMC reviews and updates the RMC 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 seven (7) members – two Independent Directors, two HDFC nominees, one ERGO nominee, two Executive Directors. The Chairman of the Committee is an Independent Director.

The Committee reviews the processes 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 Committee also reviews (i) the awards given by Insurance Ombudsman/ Consumer Forums and the root cause of customer complaints; (ii) the claims report including status of outstanding claims with ageing and repudiated claims with analysis of reasons thereof.

The Policy on Protection of Interests of Policyholders (PPHI Policy) is available on the website (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.

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 FY 2020-21, the PPGRC met four (4) times on May 8, 2020, July 22, 2020, October 21, 2020 and January 21, 2021. The PPGRC also met on April 20, 2021.

The composition of the PPGRC and the 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. Arvind Mahajan (Chairman)	4	4
Mr. Ameet P. Hariani	4	4
Mr. Keki M. Mistry	4	4

Members	No. of Meetings held during the tenure	No. of meetings attended
Ms. Renu Sud Karnad	4	4
Mr. Alexander Ankel*	2	2
Dr. Clemens Matthias Muth*	2	1
Mr. Anuj Tyagi	4	4
Mr. Samir H. Shah	4	3

*Dr. Clemens Matthias Muth was inducted as a Member of the Committee in place of Mr. Alexander Ankel w.e.f October 12, 2020.

The 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.

Considering the vast experience of Dr. Jagdish Khattar, former Independent Director of the Company, in grievance redressal and customer service, the Company has appointed Dr. Khattar as an expert/ representative of customers to take care of the interest of the Policyholders and suggest formulation of requisite policies thereto and assess compliance thereof.

Dr. Khattar attends regular meetings of PPGRC as an invitee and provides valuable advise to the Company in protection of interest of Policyholders.

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee comprises six (6) members – three Independent Directors, two HDFC nominees and one ERGO nominee. The Chairman of the Committee is an Independent Director.

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), approval for 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 NRC met four (4) times on May 8, 2020, June 12, 2020, November 13, 2020 and January 21, 2021. The NRC also met on April 20, 2021.

The composition of the NRC and the 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. Mehernosh B. Kapadia (Chairman)	4	4
Mr. Bernhard Steinruecke	4	4
Mr. Arvind Mahajan	4	4
Mr. Keki M. Mistry	4	4
Ms. Renu Sud Karnad	4	4
Mr. Alexander Ankel*	2	2
Dr. Clemens Matthias Muth*	2	2

*Dr. Clemens Matthias Muth was inducted as a Member of the Committee in place of Mr. Alexander Ankel w.e.f October 12, 2020.

Corporate Social Responsibility Committee (CSR)

The CSR Committee comprises six (6) members – two Independent Directors, two HDFC nominees, one ERGO nominee and one Executive Director. The Chairman of the Committee is an Independent Director.

During FY 2020-21, the Committee met four (4) times on May 8, 2020, July 22, 2020, October 21, 2020 and January 21, 2021. The CSR also met on April 20, 2021.

The composition of the CSR Committee and the 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. Ameet P. Hariani (Chairman)	4	4
Mr. Mehernosh B. Kapadia	4	4
Mr. Deepak S. Parekh	4	1
Ms. Renu Sud Karnad	4	4
Mr. Theodoros Kokkalas*	2	1
Dr. Oliver Martin Willmes*	2	2
Mr. Anuj Tyagi	4	4

*Dr. Oliver Martin Willmes was inducted as a Member of the Committee in place of Mr. Theodoros Kokkalas w.e.f October 12, 2020.

The CSR Policy of the Company inter-alia specifies the key focus areas for CSR activities/ Projects that could be undertaken by the Company, formulation of Annual Action Plan, 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 Annual Report on CSR

activities, as prescribed under Section 135 of the Act read with Rule 9 of the Companies (Accounts) Rules, 2014, and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2019, as amended is appended to the Board's Report.

The Company has a Sub-Committee of the CSR Committee (SC-CSR) comprising of the Senior Management team including Executive Directors.

The SC-CSR evaluates and identifies CSR projects and includes the same in Annual Action Plan and assists CSR Committee/ Board of Directors in fulfilling the Company's CSR obligations and ensures timely execution and implementation of CSR projects and monitoring thereof.

Allotment Committee (AC)

The Allotment Committee comprises five (5) members – one Independent Director, two HDFC nominees, one ERGO nominee and the Managing Director & CEO.

Members	Position
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
Dr. Clemens Matthias Muth*	Non-Executive Director
Mr. Ritesh Kumar	Managing Director and CEO

*Dr. Clemens Matthias Muth was inducted as a Member of the Committee in place of Mr. Alexander Ankel w.e.f October 12, 2020.

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.

During the year, the Committee approved the allotment of 3,45,651 equity shares of ₹ 10 each pursuant to exercise of stock options under Employees Stock Option Plan - 2009 (ESOP-2009).

Meeting of Independent Directors

The Independent Directors separately hold a meeting once a year (without the presence of the Management) to evaluate the performance of the Whole-time Directors, Non-Independent Directors, Chairman, Board Committees and the Board as a whole, and to assess the quality, quantity and timeliness of the flow of information between the Company's Management and the Board.

During the year, the meeting of Independent Directors was held on January 21, 2021 which was attended by all Independent Directors and was chaired by Mr. Bernhard Steinruecke.



Remuneration of Directors

The remuneration of Non-Executive Directors (other than Independent Directors) consists of sitting fees and the Independent Directors are paid sitting fees and commission.

The Non-Executive Directors are covered under Group Medical Insurance Policy, premium whereof is borne by the Company.

Except to the extent of insurance policies taken in the ordinary course of business, the sitting fees and commission paid as mentioned hereinabove, the Non-Executive Directors (including Independent Directors) do not have any pecuniary relationships or transactions with the Company.

The remuneration details of Whole-Time Directors as mandated under IRDAI Guidelines on Remuneration of Non-Executive Director and Managing Director/ Chief Executive Officer/ Whole-Time Director of Insurers dated August 5, 2016 is disclosed in the Directors report.

The remuneration details of Directors are provided in Section VI (B) of Form MGT-9, which is available on the website of the Company (www.hdfcergo.com). Further, the details of elements of remuneration paid to Managing Director and Chief Executive Officer, and other Directors and Key Management Persons are disclosed under 'Managerial Remuneration' section of Schedule 16 - Notes to Accounts forming part of the financial statements.

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. The Policy is uploaded on the website of the Company. In terms of the Policy, any person including employees, customers and vendors may report malpractice, actual or suspected fraud, violations of the Company's Code of Conduct, abuse of power or authority by any official of the Company or any other act with an intention of unethical personal gain or cause damage to the Company or its employees to the Whistleblower Complaints Committee (WBCC) 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. During the year, WBCC did not receive any complaint.

In terms of the Policy, whistle blowing complaint can be sent directly to the Chairman of the Audit and Compliance Committee of Directors. During the year, no person was denied access to the Committee for expressing concerns or reporting grievances under the Policy.

Code of Conduct

The Company's Code of Conduct is applicable to all 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.

Securities Dealing Code

As required under the provisions of Regulation 13(B)(2) of IRDAI (Investment) Regulations, 2016 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, the Company has framed HDFC ERGO Securities Dealing Code for prevention of Insider Trading in the securities of investee companies and NCDs of the Company.

The Directors, Key Management Persons, Designated Employees, other identified employees, and their immediate relatives are required to comply with various provisions of the Code, to the extent applicable. These identified persons are prohibited from trading in the securities of the investee companies whilst in possession of any unpublished price sensitive information of such investee companies and prohibited from trading in NCDs of the Company without obtaining prior approval of the Compliance Officer.

Details of Claims

The details of all claims incurred, paid, outstanding at the end of the year have been disclosed under Annexure 4 to Schedule 16 - Notes to Accounts and Annexure 1 to the Management Report forming part of the financial statements.

On behalf of the Board of Directors

Mumbai
April 20, 2021

DEEPAK S. PAREKH
Chairman
(DIN: 00009078)

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, Company Secretary & Chief Compliance Officer 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
April 20, 2021

DAYANANDA V. SHETTY
Company Secretary &
Chief Compliance Officer
FCS: 4638

Management Discussion and Analysis Report

MACRO-ECONOMIC ENVIRONMENT

The COVID-19 pandemic and the resultant lockdowns led to lower demand and adversely impacted the global economy in 2020. The International Monetary Fund (IMF) estimates that the economy contracted by 3.3%. Supportive policy measures announced in various economies and development and launch of vaccines indicate that the global economy would be back on the growth path in 2021, as demand revives across segments. The IMF estimates this growth to be 6.0%. Nevertheless, this growth is contingent on various factors such as successful containment of the transmission of the virus, vaccine development and proper rollout, limited impact of subsequent wave(s), policy measures to support growth, etc. With interest rates expected to increase across economies in 2021, the tightening in global financial market conditions might also impact corporate earnings growth. Like last year, a downside risk to growth continues to be a likely scenario.

On the domestic front, the financial sector regulators and the Government undertook various measures in FY 2020-21 from containing the risks to financial stability. At the same time, the Indian economy was also impacted by a weak demand situation. According to the estimates of the Central Statistical Office (CSO), the GDP contracted by ~8.0% in constant price terms this year as compared to 4.0% growth for the last year. Agriculture, forestry and fishing sectors registered 3.0% growth as against 4.3% growth last year. The manufacturing sector registered 8.4% de-growth following 2.4% de-growth last year. The service sectors, in particular those related to hotels, transport and trade, were impacted adversely as well. Service sectors witnessed 8.1% de-growth as against 5.9% growth last year.

The Union Budget FY 2021-22 lay thrust on various sectors such as infrastructure, health and well-being, innovation and research, etc. which should augment growth prospects next year. With the vaccination roll-out picking up pace, the Reserve Bank of India expects near double-digit growth in the real economy in FY22 on the back of increased demand, especially in rural areas. Nonetheless, continuing uncertainty around subsequent waves of COVID-19, the impact of roll-backs of loan moratorium, an expected increasing interest rate scenario and unfavorable global developments continue to be downside risks to domestic economic activity.

General Insurance Industry

1. Regulatory Developments

The Indian General Insurance industry has been one of the fastest growing industry over the last two decades supported by the privatization in 2000 and de-tariffing

of major segments in 2008. The Insurance Regulatory and Development Authority of India (IRDAI) continues to refine the existing regulations pertaining to insurance companies, intermediaries and customers to ensure ease of doing business and to drive insurance penetration in the country.

In a COVID-19 pandemic impacted financial year, the IRDAI has taken several measures with a major focus on driving industry wide uniformity in policy wording and coverages which will help in driving adoption of insurance products.

Last year, IRDAI had announced the standardization of health insurance product named Arogya Sanjeevani Policy, w.e.f April 1, 2020. This year, IRDAI took further measures aimed at standardizing retail products. Insurers are required to launch a standard cover for Home insurance (Bharat Griha Raksha), micro (Sookshma Udyam Suraksha) and small businesses (Laghu Udyam Suraksha) and Standard Personal Accident Insurance from April 1, 2021. Further, IRDAI has also encouraged insurers to launch a standard Vector Borne Disease Health Insurance Policy (Mashak Rakshak) from April 1, 2021.

During the COVID-19 outbreak, IRDAI undertook various initiatives and measures aimed at protecting the interests of the Policyholders. Apart from asking insurers to launch standard COVID-specific health insurance products (Corona Kavach and Corona Rakshak), insurers were advised to expeditiously handle health insurance claims, in particular those pertaining to COVID-19. The timeline for payment of health and motor third party renewal premiums was also extended.

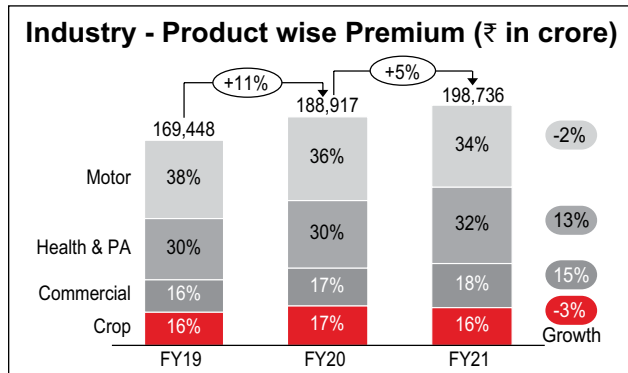
Effective August 1, 2020, IRDAI has also withdrawn the long-term motor insurance package policies – 3 year OD + 3 year TP coverage for new cars and 5 year OD + 5 year TP coverage for new two wheelers.

The Union Budget FY 2021-22 proposed to increase the Foreign Direct Investments (FDI) limit in insurance sector from 49% to 74%. Over the medium to long term, this is expected to enable insurers to access foreign capital, which in turn may augment industry growth by increasing penetration.

2. Business Performance

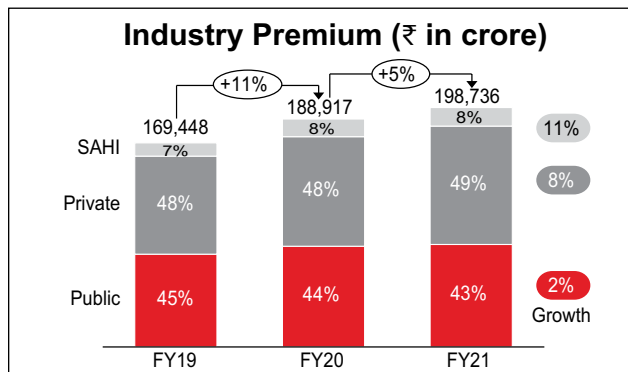
The General Insurance industry grew by 5.2% in FY21, led by Commercial and Health segments. The upward revision in premiums for certain categories of Commercial risks announced in Q4FY20 continued to play out in the first three quarters of FY21 as policies were renewed at higher premiums. As a result, the Commercial segment led the industry growth with 15.2% growth. The onset of the pandemic resulted in increased awareness for

health insurance, thereby resulting in 13.4% growth in Health Portfolio. Owing to almost 30% de-growth in the new vehicle registration, the motor segment registered a de-growth of 1.7%. Thus, the industry excluding the crop segment witnessed 7.0% growth on a year-on-year basis.



Source: IRDAI & GI Council

During FY 2020-21, Private sector insurers grew by 7.6%, while the Standalone Health insurers grew by 11.1% and Public sector insurers (including the specialized insurers) grew by 1.6%. Private sector insurers grew faster than Public sector insurers across all segments other than Accident & Health (A&H). In the A&H segment, Private sector insurers grew faster in the Retail Health segment, while Public sector insurers grew faster in the Group & Government Health and Personal Accident segments.



Source: IRDAI & GI Council

Company Performance

During the year, the merger of HDFC ERGO Health Insurance Limited (HEHI) (Formerly Apollo Munich Health Insurance Company Limited) was approved by NCLT and IRDAI with Effective Date as November 13, 2020 and Appointed Date as March 1, 2020. Therefore, FY 21 was the first time that the merged entity was operational for the entire financial year. Considering the Appointed Date, all the information, financial or otherwise for FY 20 represents 1 month of HEHI and 12 months of the Company.

1. Competitive Strength

1.1 One of the fastest growing Company

The Company has been one of the fastest growing general insurance company with 5-year CAGR of 29% vis-à-vis industry growth rate of 16% over the same period. Currently, the Company is the third largest private general insurer with an overall market share of 6.2% and a private sector share of 10.8%.

1.2 Largest Agency Force

The Company has the largest agency channel in the General Insurance industry with 32,721 multi-line agents and 112,677 health only agents totaling to 145,398 agents and Point of Sales Personnel (POSPs). The Company increased its agency premium to ₹ 2,460 crore in FY 2020-21 (YoY growth of 14%) representing 20% of the Company's total premium.

1.3 Increased Presence in the districts

The Company follows a multi-geography, multi-product and multi-channel distribution strategy. The Company's presence across the country has increased multi-fold post the merger of HEHI. As at March 31, 2021, the Company had a strong network of 203 branches and 375 Digital Offices spread across 435 districts of the country.

The Company's focus to increase insurance penetration in the tier-3 and beyond cities drives the geographical and channel expansion strategy. The Digital Office has helped in faster ramping up of presence in upcountry locations and now contributes ~5% of the Company's retail business. As a result, ~47% of retail premiums are sourced from tier-3 and beyond geographies.

1.4 2nd largest Retail Health Insurer

In FY 2020-21, the Company has become the second largest retail health insurer (third largest in FY 2019-20) in the industry. The Company's retail health premium was ₹ 2,724 crore in FY 2020-21 with a market share of 10%. The Company has one of the largest network of more than 10,000 empanelled hospitals located in about 600 districts of India. The Company's flagship products Optima Restore and My Health Suraksha continues to drive the retail health portfolio along with Top-up and critical illness products.

1.5 One of the Largest Crop Insurer using cutting edge technology

The Company has been participating in the Government sponsored Crop Insurance Schemes from 2010 onwards. During FY 21, the Company implemented the Pradhan Mantri Fasal Bima Yojana in 62 districts spread over

8 states covering more than 7.4 million farmers. The Company has maintained a stable market share of 8.3% and wrote a Gross Written Premium (GWP) of ₹ 2,573 crore in FY 2020-21 as against ₹ 2,163 crore in FY 2019-20.

The Company is at the forefront of using various technology and innovative tools to estimate crop sown area, moisture index, crop health index using in-house Geographic Information System (GIS) and Remote sensing analytics.

For its holistic and all-round performance in terms of marketing and awareness creation about the Scheme, the Company has been rated Rank 1 in the assessment of insurance companies on Kharif 2020 IEC activities which was conducted by the Government of India.

1.6 Technological Innovations

The Company ensured to remain focused on:

- new-age technologies like AI, IVR, Robotics,
- to achieve the key objectives of providing superior customer experience,
- enhanced productivity,
- continuous innovation, and
- being future-ready.

1.6.1 Artificial Intelligence (AI) First

The Company launched an ambitious program to transform the Company into an AI-first organization, with the core objective to use AI in all areas of operation of the Company and automate decision making. The Company aims for AI to be the first layer for all customer servicing needs and only those which AI cannot handle to be addressed by humans. A host of digital initiatives were initiated and executed during the year and our existing digital assets have seen significant scale-up with an encouraging level of adoption. More so ~30% of digital services were serviced by AI.

In order to be ahead in the technology curve, the Company has launched AI based external damage detection and severity assessment tool for private car own damage (OD) claims. The Company has successfully processed more than 40,000 private car OD claims since launch in June 2020. The Company has also launched AI-assisted Break-in inspection for all its customers.

1.6.2 Digital Initiatives

Realizing the under penetration of digital awareness in tier-2 towns, the Company launched its comprehensive bouquet of services on the chat platform WhatsApp, which is widely used by the general public in all parts of

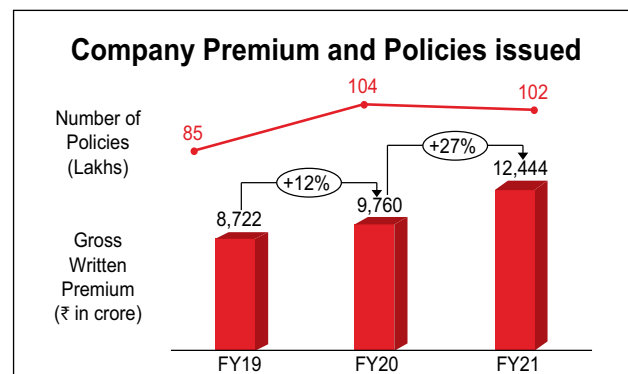
the country. The AI-enabled Bot on WhatsApp interacts with customers using Natural Language Processing (NLP) and the customer can get services using chat mode or menu options. The encouraging adoption of the WhatsApp platform helped the Company to launch it on another instant message platform – Telegram. The Company is continuing its efforts to utilize the power of messaging platform beyond customer servicing to Advisor/Agent Servicing where our partners (Agents/ Advisor) will be serviced instantly through WhatsApp.

As part of Company's customer-centricity policy, during the year the Tele-clinic app - a Doctor on-call services was introduced for customers assisting them to get medical consultation through the digital platform free of cost. The said service is also available for society at large without any need to buy any product from the Company.

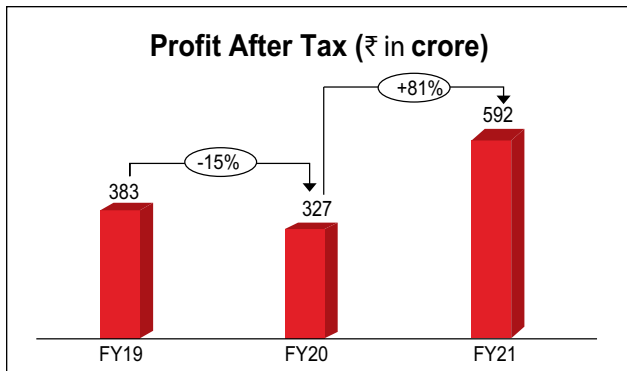
The Company's digital applications for Customer Servicing like Self Help on website, Mobile App Insurance Portfolio Organiser, IVR, Chat Bot Dia, Email Bot eRA and Whatsapp, have seen good adoption. More than 50% of customer service requests were serviced digitally. Over the years, the Company's service framework has become more robust and intuitive to help service customer's requirement seamlessly.

2 Business Overview

The Company issued 1.02 crore policies (NOP) resulting in a GWP of ₹ 12,444 crore in FY 2020-21, with a market share of 6.2%. This resulted in a Y-o-Y growth rate of 27% on a GWP basis (4% on a consolidated basis). The merger led to an improved share of A&H in the Company's portfolio.



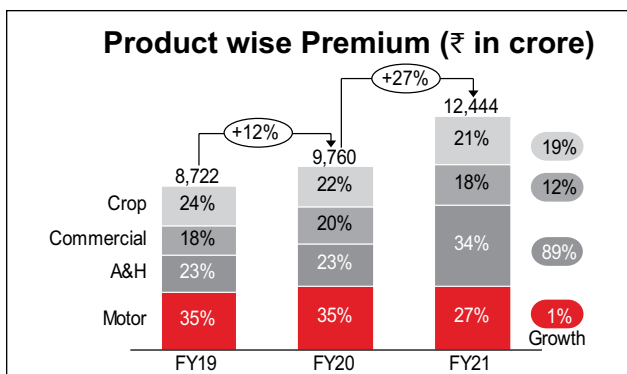
The Company achieved a profit after tax of ₹ 592 crore as compared to ₹ 327 crore during the previous year, representing a growth of 81% (58% on a consolidated basis). This was driven by portfolio steering measures to improve underwriting profitability and tight control on operating expenses.



3 Performance Highlights

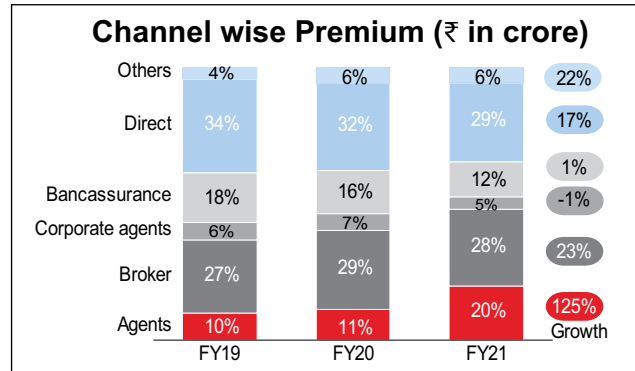
3.1 Premium

The Company's GWP increased to ₹ 12,444 crore in FY 2020-21 (PY: ₹ 9,760 crore) with a growth rate of 27% (4% on a consolidated basis). Post merger, the A&H business contribution has increased to 34% which was 23% in FY 2018-19 before merger.



Consequent to the merger, the distribution network of the Company has strengthened, particularly in the Agency channel. The Company has an Agent network of 32,721 General Insurance Agents and 112,677 Health Insurance Agents, making it one of the largest networks in the General Insurance industry. Likewise, the Company has 68 Bank / Corporate Agent partners for distributing General Insurance products and another 29 Bank / Corporate Agent partners for distributing Health Insurance products.

The Company's retail business grew across geographies through the Agency, MISIP and Online channels this year. The growth of Bancassurance business was muted this year as the banking industry, in general, witnessed a slowdown.



3.2 Claims Settlement

In FY 2020-21, 24.9 lacs (PY: 16.3 lacs) claims were reported to the Company with a growth of 53%. During FY 2020-21, the claims incurred (net) amounted to ₹ 4,852 crore (PY: ₹ 3,524 crore), an increase of 38% over last year.

The intimation of Motor OD Claims decreased Y-o-Y by 27% in FY21 with 3.8 lacs claims being reported. The Company has a fair and robust claims management practice. Following its core values, the Company has been able to provide a prompt response and quick claim settlement to all the Policyholders. The Settlement Ratio for Motor OD Claims was 100% in FY21. The Company has helped the insured manage their claims in a collaborative and mutually supportive manner by providing pan-India claims servicing across 523 districts. The repudiation rate for Motor OD Claims in FY21 has been 1.2% (PY:1.3%), which is one of the lowest in the industry. The faster settlement turn-around-times (TAT) and higher settlement rate resulted in a Net Promoter Score (NPS) of 20 in FY21 for Motor OD Claims.

Despite challenges caused by COVID-19, the Company maintained its focus on serving its A&H customers. The Company has one of the largest network of more than 10,000 empanelled hospitals located in about 600 districts of India. The Company endeavours to provide the customers the best claims experience in the industry. To this end, the Company has embarked on a number of initiatives to further streamline processes using data driven decision making. During FY21, the Company has paid over 4.2 lacs A&H claims.

3.3 Claims Reserving

The outstanding claims liability is measured as the central estimate of the expected future ultimate payments relating to claims incurred at the reporting date. The ultimate claims liability is measured based on the advice of/ valuations performed by the Appointed Actuary. The expected future payments include those in relation to claims reported but not yet paid or not yet paid in full, claims incurred but not enough reported (IBNER), claims incurred but not reported (IBNR) and the anticipated direct and indirect claims handling costs. While estimating the future ultimate claims liability, no allowance is made for discounting of reserves or negative provisions for any particular year of occurrence in compliance with IRDAI regulations. The ultimate liability is estimated using established actuarial methods depending on the class of business and nature of claims. The ultimate claims reserves are estimates involving actuarial projections at a given point of time, of what the Company expects the ultimate settlement of claims will cost.

The claims reserve for the Motor Third Party liability portfolio comprises a significant proportion of the Company's total liability. The claims for Motor Third Party liability are characterized by relatively longer time delay for reporting and settlement of claims. Thus, the ultimate

claim liabilities are estimated basis available information at the valuation date and assumptions around future trends in claims severity and frequency, judicial rulings and other factors. Further, the assumptions are influenced by the Company's claims handling procedures, inflation, minimum wages, court decisions, legislative changes, customer behaviour, claims reporting delays, etc. The ultimate reserves takes into account the emerging claims experience.

Additionally, during the current financial year, the claims reporting and settlement pattern witnessed increased delay on account of COVID-19 induced lockdown across the country and principles of prudence has been followed by the Appointed Actuary in applying judgements estimates and assumptions to assess and provide for the impact of COVID-19 pandemic across line of business based on internal and external sources of information.

The table below provides an overview of the development of the Company's estimates of gross ultimate claim amounts and gross paid losses (including loss adjustment expenses) in relation to a given accident year over time. This estimate of losses and their corresponding provision is increased or decreased as more information becomes known about the development of losses for each individual accident years.

(₹ in crore)

Gross Incurred Losses and Allocated Expenses (Ultimate Movement)												
As at March 31, 2021	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19	AY 20	AY 21
End of First year	452	741	770	1,065	2,178	2,636	2,923	5,007	5,616	7,049	8,236	9,099
One year later	442	734	846	1,103	2,323	2,547	2,980	4,788	5,332	6,951	7,661	
Two years later	444	747	833	1,050	2,293	2,535	3,112	4,874	5,284	6,981		
Three years later	453	753	781	1,116	2,289	2,638	3,121	4,860	5,290			
Four years later	455	754	801	1,080	2,363	2,636	3,120	4,854				
Five years later	458	767	806	1,144	2,369	2,621	3,134					
Six years later	461	768	810	1,150	2,376	2,623						
Seven years later	465	779	819	1,149	2,384							
Eight years later	467	777	818	1,163								
Nine years later	470	783	826									
Ten years later	470	779										
Eleven years later	472											

(₹ in crore)

Gross Paid Losses and Loss Adjustment Expenses												
As at March 31, 2021	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19	AY 20	AY 21
End of First year	284	411	424	548	1,263	1,390	1,808	2,071	2,706	3,882	3,810	3,612
One year later	373	597	637	840	1,801	2,020	2,387	3,779	4,191	5,310	5,561	
Two years later	412	641	705	903	1,928	2,186	2,594	4,224	4,373	5,903		
Three years later	425	663	725	948	2,000	2,279	2,725	4,307	4,480			
Four years later	430	677	739	973	2,053	2,350	2,807	4,374				
Five years later	434	692	749	1,006	2,098	2,397	2,834					
Six years later	443	702	762	1,025	2,132	2,418						
Seven years later	446	713	771	1,071	2,150							
Eight years later	447	722	777	1,082								
Nine years later	449	726	781									
Ten years later	457	727										
Eleven years later	459											

(₹ in crore)

Gross Unpaid Losses and Loss Adjustment Expenses												
As at March 31, 2021	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19	AY 20	AY 21
End of First year	167	331	346	516	915	1,246	1,115	2,936	2,910	3,167	4,426	5,487
One year later	70	137	210	264	522	527	593	1,009	1,141	1,641	2,100	
Two years later	31	106	128	146	366	349	517	649	911	1,078		
Three years later	28	90	56	168	289	359	395	553	810			
Four years later	24	77	62	107	309	286	312	480				
Five years later	24	75	57	138	272	224	301					
Six years later	18	66	48	125	243	205						
Seven years later	19	66	47	78	234							
Eight years later	19	55	41	81								
Nine years later	21	57	45									
Ten years later	13	52										
Eleven years later	13											

Note:

- Motor Pool claims are excluded from the above table.
- For Crop and Weather Insurance class of business, Accident Year corresponds to the year in which Premium is received.
- The impact on the unpaid claims liability of the Company on account of landmark judgements issued by the Supreme Court of India and various High Courts. e.g. Sarla Verma (April 2009) Pranay Sethi (October 2017) etc. has been allowed for in the claims ultimate liability.

4. Customer Servicing

The Company was poised with a twin challenge in this pandemic year; one, to enable its large workforce to work from home at a short notice due to sudden imposition of lockdown and the other for integrating HEHI with the Company during the pandemic in a remote working environment. The objective was not only to fight against the pandemic but also to have high standards in servicing the customers and ensure that the integration is completed as per plan. The entire operations and customer services set-up pan India was integrated with required scale of optimisation to draw synergies. As the Company's philosophy is not to outsource customer

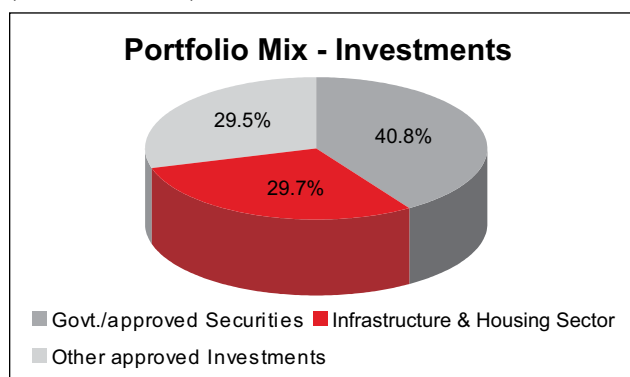
service set-ups, customer service and call centre set-ups of erstwhile HEHI were in sourced and integrated with the Company's operations and service set-up.

Another milestone during the year, was of unifying the Customer Service touch points for the merged entity, ensuring that all our customers experience the same standard of service. Through our customer management program, the Company made sure that all our customers stay well informed about the new developments within the organization. The Company continues to expand its service offerings by providing convenient and easy to use digital platforms for its customers.

5. Investments

The Investment function complements the core business of the Company. The investments of the Company are made in accordance with the Investment Policy 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 the business of the Company while keeping in perspective the regulatory framework. The Investment Policy mandate includes maintaining a high degree of liquidity and safety of assets, optimizing returns and consistency of returns commensurate with the risks undertaken.

As on March 31, 2021, the Investment Assets of the Company stood at ₹ 16,643 crore (PY: ₹ 13,577 crore). The IRDAI (Investment) Regulations, 2016 requires Non-Life companies to invest 30% of their Investment Assets in Government and approved Securities, 15% in the Infrastructure sector and Housing sector. The Company held ₹ 6,789 crore (40.8%) in Government securities, ₹ 4,940 crore (29.7%) in securities of the Infrastructure and Housing sector and remaining ₹ 4,914 crore (29.5%) in approved and other investments. The Company held 94% of its assets in Sovereign and AAA or equivalent rated assets, reflecting a high degree of safety. Further, the Company held ₹ 3,019 crore in assets maturing within one year. The total investment income generated for the year ended March 31, 2021 was ₹ 1,145 crore (PY: ₹ 881 crore).



6. Reinsurance

The Company's reinsurance program is designed to ensure protection against exposure to large losses affecting single risks as well as catastrophic loss events affecting multiple risks across portfolios. As per regulatory requirements, the Company has ceded 5% of its business to the General Insurance Corporation of India (GIC).

The Company had a successful reinsurance renewal for FY21. The Company experienced a few large risk losses and a CAT loss on account of Cyclone Amphan in FY21.

The impact on net account was significantly reduced due to adequate reinsurance protection.

The Company has a strong reinsurance panel comprising of the National Reinsurer - GIC, foreign reinsurers who have set up their branches in India and cross border reinsurers with a financial strength rating of A- and above. Participation of Foreign Reinsurance branches has gradually increased in FY21.

7. Risk Management

The Company has a robust and integrated enterprise-wide Risk Management Framework (RMF) to identify, assess, manage and mitigate all relevant risks in the Company's operating environment. The RMF works at all levels across the Company and is a proactive institution-wide program. It has been aligned and integrated with business processes and covers all relevant risks including Strategic risks, Operational risks, Investment risks, Insurance risks and Information & Cyber Security risks. The Risk Strategy is embedded in the business planning process.

Under the RMF, periodic and realistic assessment of the risk exposures is conducted based on the impact and the likelihood of the occurrence of a risk.

The Company's Risk Management is overseen by the Risk Management Committee of Directors (RMC). The Board approved Risk Management Policy & Manual provides the framework and guidelines for management and mitigation of all risks associated with the business of the Company. The risk performance is reviewed by the RMC at its quarterly meetings.

The Company also assigns critical importance to Information and Cyber Security Risks. Accordingly, the Company has an Information Security and Business Continuity framework within the RMF that ensures all the information assets are adequately protected by instituting required controls. The controls are assessed periodically to determine the adequacy and effectiveness of the controls instituted.

The Company had done an independent assessment for Capability Maturity Model Integration (CMMi) of its Information & Cyber Security processes to benchmark its practices against the globally recognized CMMi standard. As per the results of the independent assessment exercise, the Company's overall Information & Cyber Security has been assessed as "Processes are strong, continuously monitored and measured".

The Internal Audit function is an independent function of the Company. Risk-based audits of processes and branches are conducted as per the Annual Audit Plan approved by the Audit and Compliance Committee of Directors (ACC). The planning and conduct of internal

audits is focused towards assessing the existence and design of controls and to provide a reasonable assurance on the operating effectiveness of internal controls. Key observations arising out of audits conducted by Internal Audit are presented to the ACC on a quarterly basis. All audit findings are tracked and monitored to confirm the implementation of remediation plans.

7.1 Fraud Control & Investigation

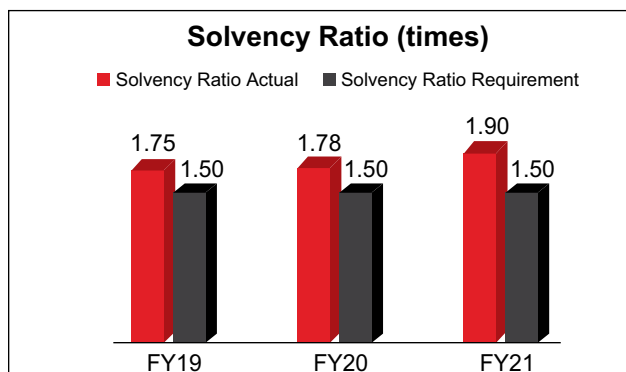
The Company has a dedicated Fraud Control & Investigation Unit which implements the Fraud Management Framework of the Company. It primarily endeavours to take all the possible steps to prevent, detect and mitigate risks emanating from various types of frauds to the Company. It relies on various automated tools using predictive modelling, analytical engines and AI-based solution to flag claims suspected to be fraudulent, dynamically and seamlessly. It also investigates the complaints by whistleblowers and ensures appropriate actions taken thereof accordingly. Cyber and Forensic expertise are utilized to investigate the important cases. Apart from these, it also handles filing of complaints with the police on fraud cases, initiates recoveries of the stolen assets and takes legal action against the fraudsters.

The department is ISO 9001:2015 certified.

8. 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; the higher the solvency ratio, the better the claim paying ability.

As on March 31, 2021, the Company had a solvency ratio of 1.90 times as against the minimum regulatory requirement of 1.50 times.



9. Corporate Social Responsibility (CSR)

The Company is aware of its commitment to the society. In the pandemic impacted financial year, the Company increased its support to healthcare with 85% of CSR expenditure, of which 76% focused specially towards

COVID-19 projects. Rest of the funds were allocated towards funding surgeries and Telemedicine – a digital consultation platform in 11 villages across 8 states.

Apart from this, over the years, CSR spend was allocated towards Education through the Company's flagship government school reconstruction project – GAON MERA, under which it has reconstructed 12 govt. schools in the last 4 years. The Company also continued its support to Girl Child education through scholarships.

10. Future Outlook

The General Insurance (GI) industry has grown at a CAGR of 17% over the last 19 years. Yet, the insurance penetration as % of GDP, which was at 0.94% for 2019, continues to be low vis-à-vis comparable economies. Low insurance penetration, asset creation potential in commercial lines and improved insurance awareness shall continue to provide growth opportunities for the industry over the medium term.

The domestic economy which was expected to register double digit growth in FY22, has been temporarily impacted with the second wave of COVID-19 pandemic. Though the government has been proactive in taking remedial measures to kick-start the economy, uncertainty remains on the restoration of post-pandemic normalcy. The GI industry is expected to register better growth in FY 2021-22 vis-à-vis FY 2020-21.

While the low levels of penetration shall continue to attract new entrants at one end, the capital intensive nature of the business is expected to drive consolidation on the other end. Regulatory changes are expected to promote product innovation and nudge the insurers to make their processes and risk management frameworks more robust.

The Company believes that, over the coming years, the growth potential of the domestic economy and regulatory changes will result in strong growth and improve the profitability of the GI industry. The Company would continue to innovate, use technological solutions and strive to provide better policyholder and stakeholder propositions in the future.

Disclaimer: This report contains forward-looking statements based on beliefs of HDFC ERGO's management. The words 'expected', 'estimate', 'believe' and 'intend' used to identify forward-looking statements, reflects the Company's current views with respect to the future events and are subject to risks and uncertainties. Many factors could cause the actual result to be materially different, including, amongst others, changes of competitors/competing products, lack of acceptance of new products and may vary materially from those projected here. HDFC ERGO does not intend to assume any obligation to update these forward-looking statements.

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company

A. CSR Policy

The CSR Policy of the Company inter-alia specifies the key focus areas for CSR activities/projects 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 (6) Directors. The Company also has a Sub-Committee of CSR (SC-CSR) comprising of the Senior Management team including the Executive Directors.

The terms of reference of the CSR Committee inter-alia includes:

- i. Formulate and review the CSR Policy and recommend the same to the Board for its approval;
- ii. Formulate and recommend to the Board an Annual Action Plan on CSR activities;
- iii. Recommend the amount of expenditure to be incurred on the CSR activities;
- iv. Review the CSR projects/ programmes from time to time;
- v. Ensure overall governance and compliance for CSR; and
- vi. Annually report to the Board, the details of the CSR activities.

C. Scope of activities

The CSR activities of the Company are as per the provisions of Schedule VII of the Companies Act, 2013 ('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.

ii. Planning

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

- (i) In-house planned projects;
- (ii) Proposals from District Administration/ Local Govt. body/ Public representatives etc; and

- (iii) Proposals/requests from a registered and 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 the provisions of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The details of major CSR initiatives undertaken by the Company during the financial year 2020-21 are given below:-

I. Gaon Mera Government School Reconstruction & Development Project in 4 Identified Villages -

The focal area for the Company's CSR intervention is a dedicated "Adopt a Village" Program called "GAON MERA". The program is aimed at improving the current status of Education, Sanitation and Healthcare in selected village(s).

The Company has selected villages through an internal employee nomination program. The Company aims to work holistically towards development of education with all relevant stakeholders in these villages on Government School Reconstruction Program to make a sustainable impact in the lives of the marginalized communities living in these villages.

Charities Aid Foundation (CAF India), Yuva Unstoppable and Habitat for Humanity are working as Implementation Partners for above activities.

The main objective of Gaon Mera program is to address the need for sustainable educational infrastructure, support system for rural development and holistic advancement of education in the communities. The project works towards sustainable development in core focus area of education in the selected village(s).

Preliminary evaluation in the start-up phase was done by the Implementation Partners in the form of rapid need assessment and development of project proposal. Government School Construction Project is adopted using BaLA (Building as Learning Aid), an innovative concept for qualitative improvement in education, through developing child-friendly, learning and fun based physical environment.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation/ Directorship	Nature of	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Ameet P. Hariani	Chairman (Independent Director)		4	4
2	Mr. Mehernosh Kapadia	Independent Director		4	4
3	Mr. Deepak S. Parekh	Non - Executive Director		4	1
4	Ms. Renu Sud Karnad	Non - Executive Director		4	4
5	Dr. Oliver Martin Willmes*	Non - Executive Director		2	2
6	Mr. Theodoros Kokkalas*	Non - Executive Director		2	1
7	Mr. Anuj Tyagi	Deputy Managing Director		4	4

*Dr. Oliver Martin Willmes was inducted as a Member of the Committee in place of Mr. Theodoros Kokkalas w.e.f October 12, 2020.

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:

<https://www.hdfcergo.com/corporate-social-responsibility>

4. Provide the details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

Not Applicable

5. Details of the amount available for set-off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility

Policy) Rules, 2014 and amount required for set-off for the financial year, if any:

Not Applicable

6. Average net profit of the Company as per Section 135(5) of the Act: ₹ 475.95 crore

7. (a) Two percent of average net profit of the Company as per Section 135(5) of the Act - ₹ 9.52 crore

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

(c) Amount required to be set-off for the financial year, if any - NIL

(d) Total CSR obligation for the financial year (7a+7b-7c) - ₹ 9.52 crore.

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

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6) of the Act		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Act		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
95,201,616	NIL	NA	NA	NIL	NA

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Projects Activities	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) of the Act (in ₹)	Mode of Implementation Direct (Yes/No)	Mode of Implementation -Through Implementing Agency	
				State	District						Name	CSR Registration number
1	Reconstruction project of Govt. School in 3 villages under Gaon Mera FY20 Projects	Education	NO	Haveri	Karnataka	3 Years	10,284,836	Direct expenditure: 514,242 Overheads- Nil	NA	NO	Yuva Unstoppable	CSR00000473
2	Reconstruction project of Govt. School in 3 villages under Gaon Mera FY20 Projects	Education	NO	Patan	Gujarat	3 Years	8,388,594	Direct expenditure: 661,374 Overheads- Nil	NA	NO	Yuva Unstoppable	CSR00000473
3	Reconstruction project of Govt. School in village under Gaon Mera FY21 Projects	Education	NO	Jhajjar	Haryana	3 Years	9,097,760	Direct expenditure: 2,729,328 Overheads- Nil	NA	NO	Habitat For Humanity	CSR00000402
4	Supporting Professional Graduate Education for Girls through Lila Poonawalla Foundation	Education	NO	Wardha and Amravati	Maharashtra	3 Years	5,207,250	Direct expenditure: 1,598,250 Overhead- Nil	NA	NO	Lila Poonawalla Foundation	CSR00000090
5	Supporting 3 students on full scholarship for three year undergraduate program	Education	NO	Ranchi, Thane and Unnao	Jharkhand, Maharashtra and Uttar Pradesh	3 years	3,030,000	Direct expenditure: 3,030,000 Overhead- Nil	NA	NO	International Foundation For Research and Education	CSR00000712
6	Reconstruction project of Govt. School in village under Gaon Mera FY20 Projects	Education	NO	Madhya Pradesh	Jabalpur	2 years	7,360,000	Direct expenditure: 736,000 Overheads - Nil	NA	NO	CAF-India	CSR00001692
Total								9,269,194				

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Projects/ Activities	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent in the current financial year (in ₹)	Mode of Implementation -Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1	Running Teleclinic Centers in 11 villages	Health care	NO	8 States	9 Districts	Direct expenditure: 1,089,389 Overheads - Nil	YES	NA	NA
2	Financial assistance and extending co-guardianship to special adults of ADHAR	Health care	YES	Maharashtra	Nashik, Thane	Direct expenditure: 1,910,541 Overheads - Nil	NO	Association of Parents of Mentally Retarded Children, Mumbai (ADHAR)	CSR00000230

(1) Sr. No.	(2) Name of the Projects/ Activities	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Amount spent in the current financial year (in ₹)	(7) Mode of Implementation -Direct (Yes/No)	(8) Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
3	COVID-19 Awareness campaign	Health care	NO	pan India	pan India	Direct expenditure: 11,500,001 Overheads - Nil	YES	NA	NA
4	COVID-19 Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	Prime Minister's National Relief Fund	NO	pan India	pan India	Direct expenditure: 50,000,000 Overhead - Nil	YES	NA	NA
5	COVID-19 Support - Contribution to Action Northeast Trust (ANT) for distributing cotton masks to students of Government schools for precaution.	COVID-19 Support	NO	Bongaigaon	Assam	Direct expenditure: 500,000 Overhead - Nil	NO	The Action Northeast	CSR00003562
6	COVID-19 Support - Distribution of ration kits to ~ 1000 families affected through BIG FM (United ways of India)	COVID-19 Support	NO	Maharashtra	Mumbai	Direct expenditure: 1,539,900 Overhead - Nil	YES	NA	NA
7	Project Save Little Hearts (Genesis Foundation)	Health care	NO	pan India	pan India	Direct expenditure: 2,700,000 Overhead - Nil	NO	Genesis Foundation	CSR00001713
8	Girl Child Education Program With IIMPACT by supporting 50 Learning Centers	Education	NO	Mewat	Haryana	Direct expenditure: 2,725,000 Overhead - Nil	NO	IIMPACT	CSR00002935
9	Support Cataract Surgeries through Vision Foundation of India	Health care	NO	pan India	pan India	Direct expenditure: 5,000,000 Overhead - Nil	NO	Vision Foundation of India	CSR00002065
10	COVID-19 Support - Contribution for Childcare Centers for COVID testing and Quarantine facilities	COVID-19 Support	NO	Delhi, Rajasthan, West Bengal, Tamil Nadu, Telangana and Assam	7 Districts	Direct expenditure: 924,112 Overhead - Nil	NO	St. Jude India Childcare Centres	CSR00001026
11	COVID-19 Response -Strengthen COVID-19 clinical care management at various COVID hospitals	COVID-19 Support	NO	Bihar, Delhi, Maharashtra and Karnataka	4 Districts	Direct expenditure: 7,543,604 Overhead - Nil	NO	Doctors for You	CSR00000608
12	COVID-19 Support - Hygiene Kits to farmers in 7 States	COVID-19 Support	NO	Assam, Tripura, Rajasthan, Maharashtra, Karnataka, Uttar Pradesh and Odisha	16 Districts	Direct expenditure: 499,875 Overhead - Nil	YES	NA	NA
Total						85,932,422			

- (d) Amount spent in Administrative Overheads – Nil
- (e) Amount spent on Impact Assessment, if applicable – Nil
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) - ₹ 95,201,616
- (g) Excess amount for set-off, if any – Nil

Sr. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per Section 135(5) of the Act	95,190,622
(ii)	Total amount spent for the financial year	95,201,616
(iii)	Excess amount spent for the financial year [(ii)-(i)]*	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years[(iii)-(iv)]	NIL

*The difference between (ii) and (i) i.e excess of ₹ 10,994 is not proposed to be carried forward

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

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

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

Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Total amount allocated for the project (in ₹)	Amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of the reporting Financial Year (in ₹)	Status of the project – Completed/ Ongoing
NIL									

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

The Company has not constructed or acquired any asset in its name. However, the Company has refurbished/reconstructed Govt. Schools as detailed below:

A. Govt. School in Jamkhar village, Jabalpur, Madhya Pradesh under Gaon Mera Projects –

(a)	Date of creation or acquisition of the capital asset(s)	October 23, 2020
(b)	Amount of CSR spent for creation or acquisition of capital asset	₹ 7,360,000
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc	School Management Committee, Jamkhar village, Jabalpur, Madhya Pradesh
(d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	Project completed and inaugurated virtually in October 2020. A brief overview of facilities provided by us in project is as follows - <ol style="list-style-type: none"> 1. Reconstruction of 2,942 sq.ft. area of school provided with all amenities with BaLA tools. A new drinking water area with water filter has been constructed; 2. New garden area with play section has been created. A variety of indoor and outdoor play items have been provided; 3. BaLA tools like knowledge grill, charts, maps, play of light and shadow, periscope, toy making area, etc

		<p>4. Furnishing items like wooden benches and wooden desk for students, almirah for all classes, notice board, etc;</p> <p>5. Complete uniforms including shoes and socks, school bags and stationery kits for all students;</p> <p>6. Refurbishment work includes:</p> <p>a. Walls have been plastered, Tiling, plumbing, kitchen platform and all cooking and serving utensils have been provided; and</p> <p>b. MDM Kitchen, Office room, Computer room and store room.</p> <p>Total 60 students getting benefitted and expecting to increase at least 6% number of students in newly constructed school.</p>
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B. Govt. School in Domabaramattur village, Haveri, Karnataka under Gaon Mera Projects –

(a)	Date of creation or acquisition of the capital asset(s)	October 30, 2020
(b)	Amount of CSR spent for creation or acquisition of capital asset	₹ 9,770,595
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc	School Management Committee, Domabaramattur village, Haveri, Karnataka
(d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	<p>Project completed in October 2020 as per plan and inaugurated virtually on November 2021. A brief overview of facilities provided by us in project is as follows –</p> <ol style="list-style-type: none"> 1. Reconstruction of 4,428 sq.ft. area of school provided with all amenities with BaLA tools. A new drinking water area with water filter has been constructed; 2. New garden area with play section has been created. A variety of indoor and outdoor play items have been provided; 3. BaLA tools like knowledge grill, charts, maps, play of light and shadow, periscope, toy making area, etc; 4. Furnishing items like wooden benches and wooden desk for students, almirah for all classes, notice board, etc; 5. Complete uniforms including shoes and socks, school bags and stationery kits for all students; 6. Refurbishment work includes: <ol style="list-style-type: none"> a. MDM kitchen, Walls have been plastered, Tiling, plumbing, kitchen platform and all cooking and serving utensils have been provided; b. Boy's toilet with all sanitary fittings; and c. Repainting of MDM shed and providing a new roof. <p>Total 186 students getting benefitted and expecting to increase at least 10% number of students in newly constructed school.</p>

C. Govt. School in Mithivavdi village, Patan, Gujarat under Gaon Mera Projects –

(a)	Date of creation or acquisition of the capital asset(s)	December 9, 2020
(b)	Amount of CSR spent for creation or acquisition of capital asset	₹ 7,969,164
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc	School Management Committee, Mithivavdi village, Patan, Gujarat
(d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	<p>Project completed and inaugurated virtually in December 2020. A brief overview of facilities provided by us in project is as follows -</p> <ol style="list-style-type: none"> 1. Reconstruction of 4,000 sq.ft. area of school provided with all amenities with BaLA tools. A new drinking water area with water filter has been constructed; 2. New garden area with play section has been created. A variety of indoor and outdoor play items have been provided; 3. BaLA tools like knowledge grill, charts, maps, play of light and shadow, periscope, toy making area, etc; 4. Furnishing items like wooden benches and wooden desk for students, almirah for all classes, notice board, etc; 5. Complete uniforms including shoes and socks, school bags and stationery kits for all students; 6. Refurbishment work includes: <ol style="list-style-type: none"> a. MDM kitchen, Walls have been plastered, Tiling, plumbing, kitchen platform and all cooking and serving utensils have been provided; b. Boy's toilet with all sanitary fittings; and c. Repainting of MDM shed and providing a new roof. <p>Total 55 students getting benefitted and expecting to increase at least 7% number of students in newly constructed school.</p>

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5) of the Act – NIL

Ritesh Kumar
(DIN: 02213019)
(Managing Director & CEO)

Ameet Hariani
(DIN: 00087866)
(Chairman - CSR Committee)

Secretarial Audit Report for the Financial Year Ended 31st March, 2021

[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 ERGO 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 ERGO General Insurance Company 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, 2021** 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, 2021 according to the provisions of:

- i. The Companies Act, 2013 (‘the Act’) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. The Company does not have any Overseas Direct Investment and External Commercial Borrowings during the financial year;
- 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;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
- 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, 2018#;

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;
- 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; and
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“Listing Regulations”].

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

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.

Adequate notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, 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. The Company Scheme Application for merger of HDFC ERGO Health Insurance Limited (HEHI) (formally known as Apollo Munich Health Insurance Company Limited) with the Company pursuant to Sections 230 to 232 of the Companies Act, 2013 and the rules framed thereunder was filed by the Company with the Hon'ble National Company Law

Tribunal (NCLT), Mumbai on February 17, 2020 for its approval. The NCLT, Mumbai vide its order dated September 29, 2020 has sanctioned/ approved the Scheme of Amalgamation for the merger of HEHI with the Company and the Insurance Regulatory and Development Authority of India (IRDAI) vide its letter dated November 11, 2020 has given its final approval for the merger with the Effective Date as November 13, 2020. The Appointed Date for the merger is March 1, 2020.

- ii. The Board of Directors of the Company at its meeting held on November 13, 2020 has allotted 10,53,77,232 equity shares of Rs. 10/- each of the Company, to the equity shareholders of HEHI in the Swap Ratio of 100:385 as approved in the Scheme of Amalgamation.

For Bhandari & Associates

Company Secretaries
Firm Registration No: P1981MH043700

S. N. Bhandari

Partner

Mumbai
April 20, 2021

FCS No: 761; C P No. : 366
ICSI UDIN: F000761C000134323

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 ERGO General Insurance Company Limited

CIN: U66030MH2007PLC177117

Our Secretarial Audit Report for the Financial Year ended on March 31, 2021 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

Firm Registration No: P1981MH043700

S. N. Bhandari

Partner

FCS No: 761; C P No. : 366

ICSI UDIN: F000761C000134323

Mumbai
April 20, 2021

Independent Auditors' Report

Independent Auditors' Report to the Members of HDFC ERGO GENERAL INSURANCE COMPANY LIMITED

Report on the audit of the Standalone Financial Statements

1. Opinion

We have audited the standalone financial statements of **HDFC ERGO GENERAL INSURANCE COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account for the year ended March 31, 2021 and summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements are prepared in accordance with the requirements of the Insurance Act, 1938 (the "Insurance Act"), Insurance Regulatory and Development Act, 1999 (the "IRDA Act"), Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "Regulations") including orders/directions/circulars issued by the Insurance Regulatory and Development Authority of India ("IRDAI") and the Companies Act, 2013 ("the Act") to the extent applicable and 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 insurance companies:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2021;
- (b) in the case of the Revenue Accounts, of the operating profit in so far as it relates to the Miscellaneous Revenue Account and the operating loss in so far as it relates to the Fire Revenue Account and the Marine Revenue Account for the year ended March 31, 2021;
- (c) in the case of the Profit and Loss Account, of the profit for the year ended on March 31, 2021; and
- (d) in the case of the Receipts and Payments Account, of the receipts and payments for the year ended on March 31, 2021

2. Basis for opinion

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

3. Emphasis of Matter

We draw your attention to the Note No. 35 to the standalone financial statements in connection with the management's assessment of the impact of the second wave of Coronavirus (Covid-19) on the business operations of the Company. The management assessment includes but is not limited to valuation of investments, valuation of policy-related liabilities and solvency position of the Company. The management continues to closely monitor the implications of Covid-19 on its operations and financial statements. Our opinion is not modified in respect of this matter.

4. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters..

Independent Auditors' Report (Continued)

Key Audit Matter Description: -	How the scope of our audit responded the key audit matter: -
<p>1) Valuation of Investments:</p> <ul style="list-style-type: none"> The carrying values of Investments amounting to ₹ 166,429,538 ('000) (Policyholders and Shareholders) represent 86.15% of total assets as disclosed in the financial statement. Due to the regulatory prescriptions applicable to recognition, measurement and disclosure of Investments and the assumptions used in the valuation of Investments, (Note 10 to the financial statements) we have considered this as a key audit matter. The valuation of all investments should be as per the investment policy framed by the Company which in turn should be in line with IRDAI Investment Regulations. The Company has <i>inter alia</i> a policy framework for Valuation and impairment of Investments The valuation of unquoted investments and thinly traded investments continues to be an area of inherent risk because of market volatility, unavailability of reliable prices and macroeconomic uncertainty. The Company performs an impairment review of its investments periodically and recognizes impairment charge when the investments meet the trigger/s for impairment provision as per the criteria set out in the investment policy. Further, the assessment of impairment involves significant management judgement. 	<p>To ensure that the valuation of investments and impairment provision considered in the financial statements is adequate, we have performed the following procedures:</p> <ul style="list-style-type: none"> Reviewed the manner in which the investments have been made by the Company to ensure that the investments as in accordance with Regulation of Investments as stated in the IRDAI guidelines. Tested the management oversight and controls over valuation of investments. Independently test-checked valuation of quoted and unquoted investments. Reviewed the Fair Value Change Account for specific investments. Reviewed the basis of provisions accounted in respect of non-performing investments and ensured that the provision meets the IRDAI guidelines Reviewed the compliance with the IRDAI guidelines on recording of Income on non-performing investments Reviewed and assessed the adequacy with respect to management assessment of impairment charge on investments outstanding at the year end. <p>Accordingly based on our audit procedures, we noted no reportable matters regarding investments and its valuation</p>
<p>2) Provision for bad & doubtful debts relating to receivables from other insurance companies (Including Government Receivables), outstanding premium and agent balances:</p> <ul style="list-style-type: none"> "Dues from Other entities carrying on insurance business" is ₹ 1,089,638 ('000) as at the year end. "Outstanding premium" amounting to ₹ 10,949,410 ('000) (Schedule 12) net of provision of ₹ 6,856 ('000) includes premium due from Central Government, State Government and others. Outstanding "Agent balances" as at the year end amounted to ₹ 5,905 ('000) net of provision of ₹ 1,217 ('000). Due to the significance of the amount and judgement involved in assessing the recoverability of dues, this has been considered as key audit matter. 	<p>The audit procedures performed by us included the following:</p> <ul style="list-style-type: none"> Evaluation and testing of controls over the recording, monitoring and ageing of outstanding premium, Agents' Balances and due from other entities carrying on insurance business Evaluating the adequacy of the process of reconciliation followed by the Company with respect to amounts due from other entities carrying on insurance business We reviewed the historical provision for bad debts and compared it to the actual amounts written off, to determine whether management's estimates have been prudent and reasonable. Reviewed the details of co-insurance transactions uploaded on the ETASS portal by the Company and Other Insurance Companies and reconciled with the transactions accounted by the Company. Sending out direct confirmations of balances to select parties on a test check basis as required under "SA 505-External Confirmations". We discussed with management and reviewed correspondences, where relevant, to identify disputes, if any, on any of the recoverable balances and review the assessment of the management as to the requirement of provisioning, if any on these disputed dues. Relied on the management estimates with respect to such provisions. <p>Accordingly, based on our audit procedures, we noted no reportable matter.</p>

Independent Auditors' Report (Continued)

<p>3) Data migration consequent to amalgamation of HEHI with HEGI:</p> <ul style="list-style-type: none"> On September 29, 2020, the Company received sanction from the National Company Law Tribunal, Mumbai Bench (NCLT), for the Scheme of Amalgamation of merger of HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) (IRDAI Regn No. 131) ("HEHI") with HDFC ERGO General Insurance Company Limited (IRDAI Registration No. 146) ("HEGI"). Further, IRDAI, vide its letter dated November 11, 2020 gave its final approval to the said Merger with the Appointed Date of March 01, 2020. Information Systems of HEHI were in use up to November 2020 running parallelly with the information systems of HEGI In view of the parallel operations and subsequent migration of data from HEHI systems to HEGI systems, the IT environment has become complex with regards to the financial reporting process. During the year, the management has migrated the data of HEHI into the systems of the Company. The process of data migration is highly dependent on information technology including automated and manual controls and availability of complete and accurate electronic data due to the size and complexity of the operations. Due to high level of automation, number of integrated / non - integrated systems used and the process used for the consolidation of data, this is a key audit matter for our audit. 	<p>Our audit procedures, with respect to the above included, among others:</p> <ul style="list-style-type: none"> Test checked the transactions for the period April 2020 to November 2020 in the system maintained by HEHI. Testing the process of migration of the monthly summary of transactions in the financial reporting into the HEGI System Assessing whether appropriate restrictions were placed on access to systems through reviewing the permissions and responsibilities of authorised personnel. Where we identified the need to perform additional procedures such as reconciliations between systems and performing additional testing; extended our sample sizes, to obtain adequate and appropriate audit evidences. Reviewed the controls with respect to manual processes in consolidation of data of all lines of business and ensured data integrity with respect to such consolidation. Our audit procedures include obtaining an understanding of the transaction and to ensure that the new migrated environment qualifies the integrity and reliability tests of auditors. <p>Accordingly, based on our audit procedures, we noted no reportable matter.</p>
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5. Other Matter

The actuarial valuation of the outstanding claims Incurred but Not Reported (IBNR) including IBNER (Incurred but Not Enough Reported) and Premium Deficiency Reserve (the "PDR") that are estimated using statistical methods, PDR and IBNR reserve, as at March 31, 2021 have been duly certified by the Appointed Actuary and in his opinion, the norms and assumptions for such Valuation are in accordance with the guidelines issued by the Insurance Regulatory and Development Authority of India ("IRDAI"/ "Authority") and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for outstanding claims reserves and PDR contained in the standalone financial statements of the Company.

6. Information other than the Financial Statement and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the "the management report" and "Director's report", but does not include the financial statements and our auditor's report thereon.

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

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

Independent Auditors' Report (Continued)

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

7. Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, and receipts and payments of the Company in accordance with the requirements of the Insurance Act 1938, as amended by Insurance Laws (Amendment) Act, 2015 read with the IRDA Act, the Regulations, order/ directions issued by the IRDAI in this regard and in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under section 133 of the Act [read with Rule 7 of the Companies (Accounts) Rules, 2014] to the extent applicable and in the manner so required. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either

intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process process. We have nothing to report in this regard.

8. Auditor's responsibilities for the audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of the misstatement in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effects of any identified misstatements in the standalone financial statements.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

9. Report on other legal and regulatory requirements

As required by IRDA Financial Statements Regulations, we have issued a separate certificate dated April 20, 2021 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDA Financial Statements Regulations.

Further, to our comments in the Certificate referred to in paragraph 2 above, as required under the 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 our audit.
- b) In our opinion and to the best of our information and according to the explanations given to us, 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 at Head Office, no returns for the purposes of our audit are prepared at the branches and other offices of the Company.
- d) The Balance Sheet, the Revenue Account, the Profit and Loss Account, and the Receipts and Payments Account dealt with by this Report are in agreement with the books of account.

Independent Auditors' Report (Continued)

- e) 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 and the Regulations and orders/directions issued by the IRDAI in this behalf.
- f) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act and Section 34 of the IRDAI Act.
- g) In our opinion and to the best of our information and according to the explanations given to us, the accounting policies selected by the Company are appropriate and are in compliance with the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders/directions issued by the IRDAI in this behalf.
- h) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Revenue Account, the Profit and Loss Account and the Receipts and Payments Account dealt with by this report comply with the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders/directions issued by IRDAI in this regard, and
- i) On the basis of the written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164 (2) of the Act.
- j) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- k) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 4 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Padmini Khare Kaicker
Partner
Membership No.: 044784
UDIN No.: 21044784AAAAA08133

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

Rajen Ashar
Partner
Membership No. 048243
UDIN No.: 21048243AAAAABZ6307

Mumbai,
April 20, 2021

Annexure A to Independent Auditors' Report

Referred to in paragraph 9 (j) of the Independent Auditors' Report of even date to the members of HDFC ERGO General Insurance Company Limited on the standalone financial statements for the year ended March 31, 2021.

Report on the Internal Financial Controls with reference to financial statements under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls with reference to financial statements of **HDFC ERGO General Insurance Company Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

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 issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to

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

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

The actuarial valuation of the outstanding claims Incurred but Not Reported (IBNR) and Premium Deficiency Reserve (the “PDR”) that are estimated using statistical methods, PDR and IBNR reserve, as at March 31, 2021 have been duly certified by the Appointed Actuary and in his opinion, the norms and assumptions for such Valuation are in accordance with the guidelines issued by the Insurance Regulatory and Development Authority of India (“IRDAI”/ “Authority”) and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary’s certificate in this regard for forming our opinion on the valuation of liabilities for outstanding claims reserves and PDR contained in the standalone financial statements of the Company.

For **B. K. KHARE & CO.**

Chartered Accountants
Firm’s Registration No.: 105102W

Padmini Khare Kaicker

Partner
Membership No.: 044784
UDIN No: 2104478AAAAA08133

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

Chartered Accountants
Firm’s Registration No.: 104767W

Rajen Ashar

Partner
Membership No. 048243
UDIN No: 21048243AAAABZ6307

Mumbai,
April 20, 2021



Independent Auditors' Certificate

TO THE MEMBERS OF HDFC ERGO GENERAL INSURANCE COMPANY LIMITED

(Referred to in paragraph 9 of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditors' Report dated April 20, 2021)

1. This certificate is issued to comply with the provisions of paragraph 3 and 4 of Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, ("the IRDA Financial Statements Regulations") read with Regulation 3 of the IRDA Financial Statements Regulations.

Management's Responsibility

2. 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"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the IRDA Financial Statements Regulations, orders/circulars/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI") which includes (i) preparation of management report consistent with the financial statements; (ii) compliance with the terms and conditions of the registration stipulated by the Authority; (iii) maintenance and custody of cash balances and maintenance of investments with custody and depository; and (iv) ensuring that no part of the assets of the policyholders' funds has been directly or indirectly applied in contravention of the provisions of the Insurance Act, relating to the application and investments of the Policyholders' Funds. This responsibility includes collecting, collating and validating data and designing, implementing and monitoring of internal controls suitable for ensuring the aforesaid and applying an appropriate basis of preparation and making estimates and judgments that are reasonable in the circumstances.

Independent Auditor's Responsibility

3. Pursuant to the requirement of the IRDA Financial Statements Regulations, it is our responsibility for the purpose of this certificate, to provide reasonable assurance on the matters contained in paragraphs 3 and 4 of Schedule C of the IRDA Financial Statements Regulation read with Regulation 3 of the IRDA Financial Statements Regulations for the year ended March 31, 2021.
4. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI) in so far as applicable for the purpose of this Certificate. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
5. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements".

Opinion

6. In accordance with the information and explanations and representations 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, 2021, we certify that:
 - a) We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2021, and on the basis of our review, there is no apparent mistake or material inconsistencies with the financial statements;
 - b) 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;
 - c) We have verified the cash balances to the extent considered necessary, and securities relating to the Company's investments as at March 31, 2021, or have sought and obtained certificates/confirmations received from the concerned branches and /HO personnel of the company, Custodian and / or Depository Participants appointed by the Company, as the case may be.
 - d) The Company is not a trustee of any trust; and
 - e) 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.

Restriction on Use

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

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

Padmini Khare Kaicker
Partner
Membership No.: 044784
UDIN No: 21044784AAAAAQ8522

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

Rajen Ashar
Partner
Membership No. 048243
UDIN No: 21048243AAAABZ6307



FORM B - BS

IRDAI Registration No: 146

Date of Registration with the IRDAI: July 09, 2010

Balance Sheet as at March 31, 2021

Particulars	Schedule	As at March 31, 2021 (₹ '000)	As at March 31, 2020 (₹ '000)
SOURCES OF FUNDS			
SHARE CAPITAL	5	7,115,649	6,058,421
SHARE CAPITAL SUSPENSE (Refer Note 3A of Schedule 16)		—	1,053,689
RESERVES AND SURPLUS	6	25,155,927	21,319,914
FAIR VALUE CHANGE ACCOUNT - SHAREHOLDERS		46,834	(110,020)
FAIR VALUE CHANGE ACCOUNT - POLICYHOLDERS		217,132	(645,147)
BORROWINGS	7	5,040,000	5,040,000
DEFERRED TAX LIABILITY		—	—
TOTAL		37,575,542	32,716,857
APPLICATION OF FUNDS			
INVESTMENTS - SHAREHOLDERS	8	29,528,835	19,780,184
INVESTMENTS - POLICYHOLDERS	8A	136,900,703	115,988,644
LOANS	9	—	—
FIXED ASSETS	10	2,733,604	2,824,353
DEFERRED TAX ASSET (Refer note 15 of Schedule 16)		736,533	726,276
CURRENT ASSETS			
Cash and Bank Balances	11	4,738,249	7,821,307
Advances and Other Assets	12	18,551,807	23,462,687
Sub-Total (A)		23,290,056	31,283,994
CURRENT LIABILITIES	13	112,312,673	95,494,980
PROVISIONS	14	43,301,516	42,391,614
Sub-Total (B)		155,614,189	137,886,594
NET CURRENT ASSETS/(LIABILITIES) (C) = (A-B)		(132,324,133)	(106,602,600)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	—	—
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		—	—
TOTAL		37,575,542	32,716,857
NOTES TO ACCOUNTS	16		

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

Signatures to the Balance Sheet and 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)

Dayananda V. Shetty
Company Secretary and
Chief Compliance Officer
(Membership No.: FCS 4638)

Padmini Khare Kaicker
Partner
Membership No.: 044784

Rajen Ashar
Partner
Membership No.: 048243

Samir H. Shah
Executive Director & CFO
(DIN: 08114828)

Anuj Tyagi
Executive Director & Chief
Business Officer
(DIN: 07505313)

Mumbai,
Dated: April 20, 2021



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, 2021

Particulars	Schedule	For the year ended March 31, 2021 (₹ '000)	For the year ended March 31, 2020 (₹ '000)
OPERATING PROFIT/(LOSS)			
Fire Insurance		(254,704)	(508,217)
Marine Insurance		(207,186)	(190,496)
Miscellaneous Insurance		<u>7,770,647</u>	<u>4,667,652</u>
		<u>7,308,757</u>	<u>3,968,939</u>
INCOME FROM INVESTMENTS			
Interest, Dividend and Rent – Gross		1,661,112	1,339,648
Profit/Loss on sale of investments		<u>199,059</u>	<u>123,953</u>
		<u>1,860,171</u>	<u>1,463,601</u>
OTHER INCOME			
		—	—
TOTAL (A)		<u>9,168,928</u>	<u>5,432,540</u>
PROVISIONS (OTHER THAN TAXATION)			
For diminution in the value of investments (Refer note 10 of Schedule 16)		311,725	116,600
For doubtful debts		<u>(11,816)</u>	<u>(27,608)</u>
		<u>299,909</u>	<u>88,992</u>
OTHER EXPENSES			
Expenses other than those related to insurance business			
Employees' related remuneration and welfare benefits (Refer note 11 of Schedule 16)		93,124	91,467
Corporate Social Responsibility Expenses (Refer note 29 of Schedule 16)		95,202	74,969
Bad debts written off		21,212	43,715
Remuneration to directors and others		4,120	4,000
Bad & Doubtful Investments written off (Refer Note 10 of Schedule 16)		—	100,000
Amalgamation Expenses		328,426	161,443
Interest on Debentures		<u>409,243</u>	<u>278,305</u>
TOTAL (B)		<u>1,251,236</u>	<u>842,891</u>
PROFIT/(LOSS) BEFORE TAX			
		7,917,692	4,589,649
Provision for Taxation			
– Current Tax		2,011,440	1,094,782
– Deferred Tax (Refer note 15 of Schedule 16)		(10,258)	(58,832)
MAT Credit Written Off		—	284,281
PROFIT/(LOSS) AFTER TAX		<u>5,916,510</u>	<u>3,269,418</u>
APPROPRIATIONS			
Interim Dividends paid during the year (Refer note 34 of Schedule 16)		2,134,695	—
Proposed final Dividend		—	—
Dividend Distribution tax		—	—
Transfer to any Reserves or Other Accounts		—	—
Transfer to Debenture Redemption Reserve (Refer Note 33 of Schedule 16)		—	24,300
Transfer to Contingency Reserve for Unexpired Risks		—	—
Balance of Profit/(Loss) brought forward from previous year		<u>4,002,118</u>	<u>5,074,847</u>
BALANCE CARRIED FORWARD TO BALANCE SHEET		<u>7,783,933</u>	<u>8,319,965</u>
EARNINGS PER SHARE (Basic) (in ₹)		8.32	5.32
EARNINGS PER SHARE (Diluted) (in ₹)		8.29	5.30

(Face Value ₹ 10 per share) (Refer Note 25 of Schedule 16)

NOTES TO ACCOUNTS

16

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

Signatures to the Profit and Loss Account and 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)

Dayananda V. Shetty
Company Secretary and
Chief Compliance Officer
(Membership No.: FCS 4638)

Padmini Khare Kaicker
Partner
Membership No.: 044784

Rajen Ashar
Partner
Membership No.: 048243

Samir H. Shah
Executive Director & CFO
(DIN: 08114828)

Anuj Tyagi
Executive Director & Chief
Business Officer
(DIN: 07505313)

Mumbai,
Dated: April 20, 2021



IRDAI Registration No: 146

Date of Registration with the IRDAI: July 09, 2010

Receipts and Payments Account for the year ended March 31, 2021

Particulars	Schedule	For the year ended March 31, 2021 (₹ '000)	For the year ended March 31, 2020 (₹ '000)
Cash flows from operating activities			
Premium received from policyholders, including advance receipts		146,028,961	115,667,641
Payments to re-insurers, net of commission and claims		(23,365,657)	(13,100,046)
Payments to co-insurers, net of claims recovery		516,553	199,385
Payments of claims		(63,383,344)	(45,893,023)
Payments of commission and brokerage		(11,806,102)	(8,837,357)
Payments of other operating expenses		(21,016,226)	(18,504,027)
Corporate Social Responsibility (CSR) expenses		(95,202)	(74,969)
Deposits, advances and staff loans		77,143	(210,729)
Income taxes paid (Net)		(2,106,753)	(1,176,873)
GST paid		(6,217,673)	(6,567,132)
Net cash generated from operating activities (A)		18,631,700	21,502,870
Cash flows from investing activities			
Purchase of fixed assets		(611,530)	(696,559)
Proceeds from sale of fixed assets		41,000	10,881
Purchase of investments		(74,665,676)	(79,403,228)
Sale of investments		49,617,718	58,505,222
Rent/Interest/Dividend received		11,428,407	7,823,847
Investments in money market instruments and in liquid mutual funds (Net)		(5,033,544)	(3,809,069)
Net cash flow from / (used in) investing activities (B)		(19,223,625)	(17,568,906)
Cash flows from financing activities			
Proceeds from issuance of share capital and share premium		57,738	41,465
Receipt of Share application money pending allotment		—	—
Repayments of borrowing		—	—
Proceeds from issuance of borrowing		—	—
Interest Paid		(406,645)	(268,980)
Dividend paid (Including dividend distribution tax)		(2,134,695)	—
Net cash flow from / (used in) financing activities (C)		(2,483,602)	(227,515)
Effect of foreign exchange rates on cash and cash equivalents (Net) (D)		(1,028)	234
Net (decrease)/increase in cash and cash equivalents (A + B + C + D)		(3,076,555)	3,706,683
Cash and cash equivalents at the beginning of the year		7,764,064	3,661,455
Cash and cash equivalents on Merger		—	395,926
Cash and cash equivalents at the end of the period		4,687,509	7,764,064
Net (decrease)/increase in cash and cash equivalents		(3,076,555)	3,706,683
Reconciliation of Cash and cash equivalents with the Balance Sheet:			
Cash and Bank balances		4,738,249	7,821,308
Less: Deposit Accounts not considered as Cash and cash equivalents as defined in AS-3 "Cash Flow Statements"		(50,740)	(57,244)
Cash and cash equivalents at the end of the year		4,687,509	7,764,064

16

NOTES TO ACCOUNTS

Refer Schedule 11 for components of cash and bank balances

Signatures to the Receipts and Payments Account

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)

Dayananda V. Shetty
Company Secretary and
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Partner
Membership No.: 048243

Samir H. Shah
Executive Director & CFO
(DIN: 08114828)

Anuj Tyagi
Executive Director & Chief
Business Officer
(DIN: 07505313)

Mumbai,
Dated: April 20, 2021

FORM B - RA

IRDAI Registration No: 146

Date of Registration with the IRDAI: July 09, 2010

Revenue Accounts for the year ended March 31, 2021

Particulars	Schedule	FIRE INSURANCE		MARINE INSURANCE		MISCELLANEOUS INSURANCE		TOTAL	
		For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
1	1	2,401,067	1,459,430	797,565	721,251	60,857,174	42,322,834	64,055,806	44,503,515
2		52,015	29,659	7,489	5,832	961,404	612,505	1,020,908	647,996
3		44,675	30,188	—	—	—	—	44,675	30,188
		2,739	1,487	924	752	70,495	46,238	74,158	48,477
4		434,056	305,323	62,492	60,035	8,022,741	6,305,301	8,519,289	6,670,659
TOTAL (A)		2,934,552	1,826,087	868,470	787,870	69,911,814	49,286,878	73,714,836	51,900,835
1	2	1,795,580	1,021,393	718,721	589,499	46,006,185	33,630,295	48,520,486	35,241,187
2	3	(641,069)	(292,128)	108,540	95,319	(1,450,815)	(1,922,231)	(1,983,344)	(2,119,040)
3	4	2,034,745	1,605,039	248,395	293,548	17,585,797	12,911,162	19,868,937	14,809,749
4		—	—	—	—	—	—	—	—
TOTAL (B)		3,189,256	2,334,304	1,075,656	978,366	62,141,167	44,619,226	66,406,079	47,931,896
Operating Profit/(Loss) (A-B)		(254,704)	(508,217)	(207,186)	(190,496)	7,770,647	4,667,652	7,308,757	3,968,939
APPROPRIATIONS									
Transfer to Shareholders' Account		(254,704)	(508,217)	(207,186)	(190,496)	7,770,647	4,667,652	7,308,757	3,968,939
Transfer to Catastrophe Reserve		—	—	—	—	—	—	—	—
Transfer to Other Reserves		—	—	—	—	—	—	—	—
TOTAL (C)		(254,704)	(508,217)	(207,186)	(190,496)	7,770,647	4,667,652	7,308,757	3,968,939

16

NOTES TO ACCOUNTS

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

Signatures to the Revenue Account and Schedules 1 to 16

In terms of our report attached

B. K. Khare & Co.

Chartered Accountants

Firm Registration No.: 105102W

Firm Registration No.: 104767W

Padmini Khare Kaicker

Partner

Membership No.: 044784

Membership No.: 048243

Mumbai,

Dated: April 20, 2021

For and on behalf of the Board of Directors

Deepak S. Parekh

Chairman

(DIN: 00009078)

Samir H. Shah

Executive Director & CFO

(DIN: 08114828)

Anuj Tyagi

Executive Director & Chief Business Officer

(DIN: 07505313)

For and on behalf of the Board of Directors

Dayananda V. Shetty

Company Secretary and

Chief Compliance Officer

(Membership No.: FCS 4638)

Schedules

Annexed to and forming part of the Revenue Accounts

SCHEDULE - 1 PREMIUM EARNED (NET)

(₹ '000)

Particulars	For the year ended March 31, 2021					For the year ended March 31, 2020						
	Fire	Marine		* Miscellaneous	Total	Fire	Marine		** Miscellaneous	Total		
		Marine Cargo	Marine Hull				Marine Total	Marine Cargo			Marine Hull	Marine Total
Premium from direct business written-net of GST	11,751,194	1,266,089	222,770	1,488,859	109,710,974	122,951,027	9,794,450	1,613,803	230,254	1,844,057	84,657,366	96,295,873
Add: Premium on Re-insurance accepted	1,129,335	79,055	—	79,055	279,921	1,488,311	891,437	102,814	—	102,814	310,840	1,305,091
Less: Premium on Re-insurance ceded	(9,657,290)	(416,935)	(222,161)	(639,096)	(49,100,094)	(59,396,480)	(8,419,667)	(998,423)	(229,492)	(1,227,915)	(39,284,722)	(48,932,304)
Net Premium	3,223,239	928,209	609	928,818	60,890,801	65,042,858	2,266,220	718,194	762	718,956	45,683,484	48,688,660
Add/(Less): Adjustment for changes in reserve for unexpired risks	(822,172)	(131,406)	153	(131,253)	(33,627)	(987,052)	(806,790)	1,661	634	2,295	(3,360,650)	(4,165,145)
Total Premium Earned (Net)	2,401,067	796,803	762	797,565	60,857,174	64,055,806	1,459,430	719,855	1,396	721,251	42,322,834	44,503,515

* Miscellaneous Premium Breakup for the year ended March 31, 2021

(₹ '000)

Particulars	Miscellaneous											Total Miscellaneous				
	Motor			Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others					
	Motor-OD	Motor-TP	Motor Total								Other Liability		Home	Specialty	Weather/ Cop	Others
Premium from direct business written-net of GST	15,049,515	19,015,041	34,064,556	165,741	29,448	9,783	1,748,058	121,934	5,399,683	37,416,320	813,992	225,378	2,113,322	25,729,721	1,873,038	109,710,974
Add: Premium on Re-insurance accepted	—	(8,592,314)	(9,369,327)	(18,565)	764	(8,580)	88,229	(1,446)	9,219	—	13,603	—	167,965	—	1,587	279,921
Less: Premium on Re-insurance ceded	(777,013)	(4,622,727)	(5,399,740)	(5,399,740)	(22,846)	(8,580)	(1,324,029)	(121,820)	(1,580,701)	(12,520,098)	(581,312)	(36,056)	(1,704,412)	(21,073,991)	(741,357)	(49,100,094)
Net Premium	14,272,502	10,422,727	24,695,229	147,176	7,366	1,203	515,258	(1,332)	3,828,201	24,896,222	246,283	189,322	576,875	4,655,730	1,133,268	60,890,801
Add/(Less): Adjustment for changes in reserve for unexpired risks	(4,682,593)	1,062,788	(619,805)	12,172	3,196	462	99,013	39	788,829	139,825	39,365	(167,801)	616	(40,883)	(288,855)	(33,627)
Total Premium Earned (Net)	12,589,909	11,485,515	24,075,424	159,348	10,562	1,665	614,271	(1,293)	4,597,030	25,036,047	285,648	21,521	577,491	4,615,047	864,413	60,857,174

** Miscellaneous Premium Breakup for the year ended March 31, 2020

(₹ '000)

Particulars	Miscellaneous											Total Miscellaneous				
	Motor			Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others					
	Motor-OD	Motor-TP	Motor Total								Other Liability		Home	Specialty	Weather/ Cop	Others
Premium from direct business written-net of GST	15,702,268	18,178,476	33,880,744	200,988	36,112	3,994	1,910,877	127,101	6,578,533	16,031,212	807,010	11,731	1,530,512	21,631,396	1,907,156	84,657,366
Add: Premium on Re-insurance accepted	—	(5,676,132)	(8,870,202)	(13,647)	(22,181)	(1,445)	87,961	—	14,039	—	42,137	—	162,071	—	535	310,840
Less: Premium on Re-insurance ceded	(3,194,070)	(12,502,344)	(15,696,414)	(187,341)	(17,320)	(3,257)	(1,346,224)	(124,003)	(2,196,287)	(6,440,764)	(509,160)	(3,444)	(1,060,868)	(17,829,996)	(864,501)	(39,284,722)
Net Premium	12,508,198	12,502,344	25,010,542	187,341	17,320	3,257	650,614	3,098	4,396,285	9,590,448	339,987	8,287	631,715	3,801,400	1,043,190	45,683,484
Add/(Less): Adjustment for changes in reserve for unexpired risks	186,213	(979,779)	(791,566)	(6,356)	(17)	624	(140,443)	229	(194,452)	(1,896,880)	(5,603)	9,003	(77,874)	(18,300)	(239,015)	(3,360,650)
Total Premium Earned (Net)	12,694,411	11,522,565	24,218,976	180,985	17,303	3,881	510,171	3,327	4,201,833	7,693,568	334,384	17,290	553,841	3,783,100	804,175	42,322,834

Schedules

Annexed to and forming part of the Revenue Accounts

SCHEDULE - 2

CLAIMS INCURRED (NET)

(₹ '000)

Particulars	For the year ended March 31, 2021					For the year ended March 31, 2020						
	Fire	Marine		* Miscellaneous	Total	Fire	Marine		** Miscellaneous	Total		
		Marine Cargo	Marine Hull				Marine Total	Marine Cargo			Marine Hull	Marine Total
Claims paid direct	3,524,891	1,807,831	35,109	1,842,940	56,592,039	61,959,870	3,458,660	1,195,615	42,410	1,238,025	38,579,792	43,276,477
Add: Claims on Re-insurance accepted	232,618	87,241	-	87,241	43,249	363,108	234,881	95,902	-	95,902	79,347	410,130
Less: Claims on Re-insurance ceded	(2,930,443)	(1,104,887)	(34,890)	(1,139,777)	(23,221,275)	(27,291,495)	(2,924,805)	(684,474)	(42,276)	(726,750)	(14,167,690)	(17,819,245)
Net Claims paid	827,066	790,185	219	790,404	33,414,013	35,031,483	768,736	607,043	134	607,177	24,491,449	25,867,362
Add: Claims Outstanding at the end of the year	2,048,173	408,477	8,683	417,160	58,585,548	61,050,881	1,079,659	480,513	8,331	488,844	45,993,376	47,561,879
Less: Claims Outstanding on account of Merger as on March 1, 2020	-	-	-	-	-	-	-	-	-	-	(2,601,214)	(2,601,214)
Less: Claims Outstanding at the beginning of the year	(1,079,659)	(480,512)	(8,331)	(488,843)	(45,993,376)	(47,561,878)	(827,002)	(501,588)	(4,934)	(506,522)	(34,253,316)	(35,586,840)
Total Claims Incurred (Net)	1,795,580	718,150	571	718,721	46,006,185	48,520,486	1,021,393	585,968	3,531	589,499	33,630,295	35,241,187

* Miscellaneous Claims Incurred (Net) Breakup for the year ended March 31, 2021

(₹ '000)

Particulars	Miscellaneous										Total Miscellaneous					
	Motor OD	Motor TP	Motor Total	Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance		Other Liability	Home	Specialty	Weather/ Crop	Others
Claims paid direct	9,589,399	2,802,165	12,391,564	59,286	3,384	-	811,040	51,289	1,945,667	24,429,451	202,934	12,530	179,189	15,641,743	1,263,982	56,592,039
Add: Claims on Re-insurance accepted	-	-	-	-	-	-	26,540	15,768	-	27	914	-	-	-	-	43,249
Less: Claims on Re-insurance ceded	(1,244,637)	(2,381,396)	(3,626,033)	(3,002)	(185)	-	(37,549)	(61,193)	(415,977)	(5,462,399)	(190,103)	(672)	(113,699)	(12,341,667)	(650,850)	(23,221,275)
Net Claims paid	8,344,762	420,769	8,765,531	56,284	3,199	-	462,085	15,864	1,129,680	18,977,079	13,745	11,858	65,490	3,300,076	613,112	33,414,013
Add: Claims Outstanding at the end of the year	2,452,449	40,800,584	43,253,033	234,886	11,244	12,317	606,123	86,863	2,772,400	6,423,038	311,521	30,447	387,622	4,268,080	687,376	58,585,548
Less: Claims Outstanding at the beginning of the year	(1,936,519)	(33,225,630)	(35,162,149)	(189,817)	(110,271)	(8,612)	(40,638)	(88,090)	(1,267,255)	(4,035,386)	(148,886)	(4,936)	(196,600)	(3,986,643)	(477,617)	(45,993,376)
Total Claims Incurred (Net)	8,860,692	7,995,723	16,856,415	101,353	3,416	3,705	662,440	14,647	2,134,835	21,364,711	176,380	27,989	256,512	3,581,513	822,871	46,006,185

** Miscellaneous Claims Incurred (Net) Breakup for the year ended March 31, 2020

(₹ '000)

Particulars	Miscellaneous										Total Miscellaneous					
	Motor OD	Motor TP	Motor Total	Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance		Other Liability	Home	Specialty	Weather/ Crop	Others
Claims paid direct	13,026,967	3,026,010	16,052,977	122,377	37	-	887,857	132,705	1,927,247	9,043,611	273,052	4,538	562,538	8,579,875	992,978	36,579,792
Add: Claims on Re-insurance accepted	-	-	-	-	-	-	13,322	27,785	6	3,967	34,267	-	-	-	-	79,347
Less: Claims on Re-insurance ceded	(2,964,974)	(212,790)	(3,177,764)	(6,198)	(2)	-	(413,927)	(126,177)	(581,888)	(2,145,852)	(157,058)	(278)	(473,153)	(6,768,645)	(316,748)	(14,167,690)
Net Claims paid	10,061,993	2,813,220	12,875,213	116,179	35	-	467,252	34,313	1,345,365	6,901,726	150,261	4,260	89,385	1,811,230	676,230	24,491,449
Add: Claims Outstanding at the end of the year	1,936,519	33,225,630	35,162,149	189,817	11,027	8,612	406,369	88,080	1,267,255	4,035,386	148,886	14,936	196,600	3,896,642	477,617	45,993,376
Less: Claims Outstanding on account of Merger as on March 1, 2020	-	-	-	-	-	-	-	-	(116,339)	(2,484,875)	-	-	-	-	-	(2,601,214)
Less: Claims Outstanding at the beginning of the year	(1,617,909)	(27,296,171)	(28,914,080)	(133,049)	(8,226)	(7,797)	(183,347)	(146,445)	(630,020)	(1,171,413)	(134,800)	(6,159)	(171,597)	(2,524,310)	(282,073)	(34,253,316)
Total Claims Incurred (Net)	10,380,603	8,802,679	19,183,282	172,947	2,836	815	710,274	(24,062)	1,866,261	7,280,824	164,347	13,037	114,388	3,273,562	871,774	33,630,295

Schedules

Annexed to and forming part of the Revenue Accounts

SCHEDULE - 3 COMMISSION (NET)

Particulars	For the year ended March 31, 2021					For the year ended March 31, 2020						
	Fire	Marine		* Miscellaneous	Total	Fire	Marine		** Miscellaneous	Total		
		Marine Cargo	Marine Hull				Marine Total	Marine Cargo			Marine Hull	Marine Total
Commission paid direct	1,094,947	142,310	6	142,316	9,055,616	10,292,879	860,375	180,992	1,845	182,837	6,473,914	7,517,126
Add: Commission paid on Re-insurance accepted	75,138	4,411	-	4,411	39,771	119,321	47,297	4,652	-	4,652	44,451	96,400
Less: Commission received on Re-insurance ceded	(1,811,154)	(30,926)	(7,261)	(38,187)	(10,546,202)	(12,395,543)	(1,199,800)	(88,975)	(3,195)	(92,170)	(8,440,596)	(9,732,566)
Net commission paid/(received)	(641,069)	115,795	(7,255)	108,540	(1,450,815)	(1,983,344)	(292,128)	96,669	(1,350)	95,319	(1,922,231)	(2,119,040)

* Miscellaneous Commission Breakup for the year ended March 31, 2021

Particulars	Miscellaneous										Total Miscellaneous				
	Motor		Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others					
	Motor-OD	Motor-TP								Other Liability		Home	Specialty	Weather/Crop	Others
Commission paid direct	2,644,185	279,824	22,354	2,111	1,231	123,150	3,343	685,734	4,734,279	96,373	29,204	240,736	49,890	143,202	9,655,616
Add: Commission paid on Re-insurance accepted	-	-	-	134	-	5,125	(72)	3,537	-	2,955	-	28,076	-	16	39,771
Less: Commission received on Re-insurance ceded	(318,077)	(1,913,946)	(3,520)	(3,102)	(1,172)	(297,067)	(8,058)	(671,429)	(5,016,698)	(104,530)	(2,178)	(334,800)	(15,754,470)	(95,755)	(10,546,202)
Net commission paid/(received)	2,326,108	(1,634,122)	18,834	(857)	(541)	(168,792)	(4,787)	(182,158)	(292,419)	(5,002)	27,026	(65,988)	(1,525,580)	47,463	(1,450,815)

** Miscellaneous Commission Breakup for the year ended March 31, 2020

Particulars	Miscellaneous										Total Miscellaneous				
	Motor		Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others					
	Motor-OD	Motor-TP								Other Liability		Home	Specialty	Weather/Crop	Others
Commission paid direct	2,800,857	247,466	26,000	2,593	600	119,062	4,602	821,333	2,056,885	84,187	1,054	164,247	37,427	107,500	6,473,914
Add: Commission paid on Re-insurance accepted	-	-	-	733	124	6,019	-	767	-	8,595	-	28,208	-	5	44,451
Less: Commission received on Re-insurance ceded	(639,546)	(1,342,193)	(2,479)	(1,032)	(86)	(261,379)	(10,024)	(1,157,245)	(3,586,116)	(64,733)	(313)	(153,398)	(1,128,813)	(123,239)	(8,440,596)
Net commission paid/(received)	2,161,311	(1,094,727)	23,521	2,294	638	(136,298)	(5,422)	(335,145)	(1,529,231)	38,049	741	39,857	(1,091,386)	(157,733)	(1,922,231)

SCHEDULE - 3 A COMMISSION PAID DIRECT

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Fire	Marine	Miscellaneous	Fire	Marine	Miscellaneous
	Total	Total	Total	Total	Total	Total
Agents	52,552	15,689	3,731,637	41,648	23,927	1,219,947
Brokers	813,531	1,25,539	2,575,255	607,790	158,138	2,395,116
Corporate Agency Referral	228,585	1,081	2,266,914	210,829	771	2,424,101
Others: Web aggregator, CSC, IMF, MISP and POSP	279	7	481,810	108	1	434,750
Total	1,094,947	142,316	9,055,616	860,375	182,837	6,473,914

Schedules

Annexed to and forming part of the Revenue Accounts

Particulars	For the year ended March 31, 2021				For the year ended March 31, 2020				Total	
	Fire	Marine		* Miscellaneous	Total	Fire	Marine			** Miscellaneous
		Marine Cargo	Marine Hull				Marine Total	Marine Cargo		
Employees' remuneration and welfare benefits	547,541	57,345	9,497	66,842	5,303,172	453,941	73,203	9,819	83,022	4,160,002
Travel, conveyance and vehicle running expenses	12,773	1,338	221	1,559	123,730	33,135	5,343	717	6,060	303,655
Training expenses	49,274	5,461	854	6,015	477,239	80,933	13,051	1,751	14,802	741,689
Rents, rates and taxes	59,138	6,194	1,026	7,220	572,776	43,019	6,938	930	7,868	394,229
Repairs	21,213	2,222	368	2,590	205,461	15,654	2,524	339	2,863	143,456
Printing and stationery	11,492	1,203	199	1,402	111,293	18,773	3,027	406	3,433	172,037
Communication	8,129	851	141	992	69,608	6,352	1,025	137	1,162	58,209
Legal and professional charges	474,026	49,645	8,222	57,867	4,591,145	327,475	52,809	7,063	59,892	2,927,330
Auditors' fees, expenses etc										
(a) as auditors	671	71	12	83	6,501	1,055	170	23	193	9,670
(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	522	55	9	64	5,059	325	52	7	59	2,978
Advertisement and publicity	635,287	66,534	11,019	77,553	6,153,022	466,720	75,264	10,095	85,359	4,277,103
Interest and bank charges	31,443	3,293	545	3,838	466,089	28,978	4,673	627	5,300	440,143
Others:										
Electricity expenses	8,005	839	139	978	77,531	8,973	1,447	194	1,641	82,230
Office expenses	3,992	418	69	487	38,667	4,219	680	91	771	38,664
Miscellaneous expenses	8,483	889	147	1,036	82,161	10,821	1,745	234	1,979	99,168
Information Technology expenses	91,480	9,581	1,586	11,167	886,017	44,023	7,099	952	8,051	403,436
Postage and courier	2,725	285	48	333	26,394	16,113	2,599	349	2,948	147,664
Less/(Profit) on sale of assets (net)	9,305	975	161	1,136	90,125	(112)	(48)	(2)	(20)	(1,026)
Depreciation	59,246	6,205	1,028	7,233	573,827	44,642	7,199	965	8,164	409,111
Total Operating Expenses	2,034,745	213,103	35,292	248,395	19,868,937	1,605,039	258,831	34,717	293,548	14,809,749

(₹ '000)

Schedules

Annexed to and forming part of the Revenue Accounts

SCHEDULE - 4 (Continued) * Miscellaneous Operating expenses related to Insurance business Breakup for the year ended March 31, 2021

(₹ '000)

Particulars	Miscellaneous														Total Miscellaneous	
	Motor			Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others					Others
	Motor-OD	Motor-TP	Motor Total								Other Liability	Home	Specialty	Weather/Crop		
Employees' remuneration and welfare benefits	641,579	810,634	1,452,214	7,066	1,268	417	78,026	5,137	230,588	1,595,103	35,281	9,608	97,254	1,056,889	79,918	4,886,789
Travel, conveyance and vehicle running expenses	14,969	18,914	33,883	165	30	10	1,820	120	5,380	37,217	823	224	2,269	25,592	1,865	10,939
Training expenses	57,736	72,950	130,686	636	116	38	7,022	462	20,751	143,546	3,175	865	8,752	98,710	7,192	421,950
Rents, rates and taxes	69,294	87,553	156,848	763	139	45	8,429	555	24,905	172,281	3,811	1,038	10,504	118,471	8,632	506,419
Repairs	24,857	31,407	56,263	274	50	16	3,023	199	8,934	61,799	1,367	372	3,768	42,497	3,097	181,659
Printing and stationery	13,464	17,012	30,476	148	27	9	1,637	108	4,840	33,475	740	202	2,041	23,020	1,677	98,999
Communication	9,525	12,034	21,559	105	19	6	1,158	76	3,423	23,680	524	143	1,444	16,264	1,186	69,608
Legal and professional charges	555,438	701,795	1,257,233	6,117	1,115	361	67,550	4,447	1,380,938	30,544	8,318	84,196	84,196	949,616	69,187	4,059,252
Auditors' fees, expenses etc																
(a) as auditors	786	994	1,780	9	2	1	96	6	283	1,955	43	12	119	1,344	98	5,747
(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	612	773	1,385	7	1	-	74	5	220	1,522	34	9	93	1,046	76	4,473
Advertisement and publicity	744,394	940,541	1,684,935	8,198	1,494	484	90,530	5,960	287,541	1,850,724	40,935	11,148	112,840	1,272,669	92,725	5,440,182
Interest and bank charges	36,843	46,551	83,394	406	74	24	4,481	295	13,242	91,600	2,026	552	5,585	224,540	4,589	430,807
Others:																
Electricity expenses	9,380	11,851	21,231	103	19	6	1,441	75	3,371	23,319	516	140	1,422	16,036	1,168	68,546
Office expenses	4,678	5,910	10,588	52	9	3	569	37	1,681	11,630	257	70	709	7,988	583	34,187
Miscellaneous expenses	9,940	12,559	22,499	109	20	6	1,209	80	3,572	24,713	547	149	1,507	16,994	1,239	72,643
Information Technology expenses	107,190	135,435	242,625	1,180	215	70	13,036	858	38,525	266,698	5,895	16,005	16,249	183,260	13,952	783,370
Postage and courier	3,193	4,034	7,227	35	6	2	388	26	1,148	7,538	174	49	484	5,460	398	23,336
Loss/(Profit) on sale of assets (net)	10,903	13,776	24,680	120	22	7	1,326	87	3,919	27,108	600	163	1,653	18,641	1,358	79,684
Depreciation	89,422	87,714	157,136	765	139	45	8,443	556	24,951	172,397	3,818	1,040	10,523	118,688	8,647	507,347
Total Operating Expenses	2,384,204	3,012,439	5,396,643	26,257	4,786	1,550	289,958	19,088	886,901	5,927,942	131,108	36,707	361,411	4,237,759	296,985	17,985,797

Schedules

Annexed to and forming part of the Revenue Accounts

SCHEDULE - 4 (Continued)

** Miscellaneous Operating expenses related to Insurance business Breakup for the year ended March 31, 2020

(₹ 000)

Particulars	Miscellaneous													Total Miscellaneous		
	Motor			Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others					
	Motor-OD	Motor-TP	Motor Total								Other Liability	Home	Specialty		Weather/Crop	Others
Employees remuneration and welfare benefits	669,602	775,196	1,444,798	8,571	1,684	200	84,925	5,420	281,131	663,629	36,211	500	72,178	922,441	81,351	3,623,039
Travel, conveyance and vehicle running expenses	48,877	56,584	105,461	625	123	15	6,199	396	20,521	49,901	2,642	37	5,269	67,333	5,938	264,460
Training expenses	119,383	138,211	257,594	1,528	301	36	15,441	966	50,123	121,884	6,456	89	12,870	164,462	14,504	645,954
Rents, rates and taxes	63,465	73,462	136,927	812	160	19	8,048	514	26,642	64,785	3,432	48	6,840	87,416	7,709	343,342
Repairs	23,091	26,732	49,823	296	98	7	2,929	187	9,695	23,575	1,249	17	2,489	31,810	2,804	124,939
Printing and stationery	27,692	32,058	59,750	354	70	8	3,512	224	11,626	28,271	1,497	21	2,985	38,148	3,365	149,831
Communication	9,369	10,847	20,216	119	24	3	1,188	76	3,934	9,566	507	7	1,010	12,907	1,138	50,695
Legal and professional charges	482,993	559,178	968,460	6,182	1,215	145	61,257	3,910	202,774	493,361	26,119	363	52,070	665,426	58,680	2,539,963
Auditors fees, expenses etc																
(a) as auditors	1,547	1,794	3,342	20	4	-	196	13	648	1,618	84	2	168	2,140	188	8,422
(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	549	615	1,163	7	1	-	71	4	242	271	29	(2)	51	691	66	2,595
Advertisement and publicity	688,460	797,017	1,485,467	8,812	1,732	206	87,316	5,573	289,045	702,872	37,230	514	74,210	948,407	83,640	3,725,024
Interest and bank charges	42,744	49,485	92,229	547	108	13	5,421	346	17,946	43,639	2,511	32	4,608	233,473	5,192	405,965
Others																
Electricity expenses	13,236	15,324	28,560	169	33	4	1,679	107	5,557	13,514	714	10	1,427	18,234	1,608	71,616
Office expenses	6,224	7,205	13,429	80	14	2	789	50	2,613	6,354	337	5	671	8,574	796	33,674
Miscellaneous expenses	15,962	18,479	34,441	204	40	5	2,024	129	6,702	16,296	863	12	1,721	21,990	1,941	86,988
Information Technology expenses	64,938	75,178	140,116	831	163	19	8,236	526	27,264	66,298	3,512	49	7,000	89,458	7,890	351,962
Postage and courier	23,768	27,517	51,285	304	60	7	3,015	192	9,979	24,266	1,285	18	2,562	32,743	2,887	128,603
Loss/(Profit) on sale of assets (net)	(165)	(192)	(357)	(2)	-	-	(21)	(1)	(70)	(169)	(9)	-	(18)	(227)	(20)	(894)
Depreciation	65,662	76,236	142,088	843	166	20	8,352	533	27,648	67,231	3,561	49	7,098	90,716	8,000	356,305
Total Operating Expenses	2,367,567	2,740,926	5,034,783	30,302	5,957	709	300,277	19,164	994,020	2,447,162	128,030	1,771	255,208	3,436,142	287,837	12,911,162

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 5

SHARE CAPITAL

Particulars	As at March 31, 2021 (₹ '000)	As at March 31, 2020 (₹ '000)
Authorised Capital		
2000,000,000 Equity Shares of ₹ 10/- each (Previous year: 2000,000,000 Equity Shares of ₹ 10/- each)	20,000,000	20,000,000
Issued Capital		
711,564,933 Equity Shares of ₹ 10/- each (Previous year: 605,842,050 Equity Shares of ₹ 10/- each)	7,115,649	6,058,421
Subscribed Capital		
711,564,933 Equity Shares of ₹ 10/- each (Previous year: 605,842,050 Equity Shares of ₹ 10/- each)	7,115,649	6,058,421
Called-up Capital		
711,564,933 Equity Shares of ₹ 10/- each (Previous year: 605,842,050 Equity Shares of ₹ 10/- each)	7,115,649	6,058,421
Less: Calls unpaid	—	—
Add: Equity Shares forfeited (Amount originally paid up)	—	—
Less: Preliminary Expenses	—	—
Total	7,115,649	6,058,421

Of the above 359,741,874 (Previous year 305,841,738) 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, 2021		As at March 31, 2020	
	(Number of Shares)	(% of Holding)	(Number of Shares)	(% of Holding)
Promoters:				
Indian: Housing Development Finance Corporation Limited	359,741,874	50.56%	305,841,738	50.48%
Foreign: ERGO International AG	293,470,812	41.24%	292,202,312	48.23%
Munich Health Holding AG	51,321,532	7.21%	—	—
Others: Employees	7,030,715	0.99%	7,798,000	1.29%
Total	711,564,933	100.00%	605,842,050	100.00%

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 6

RESERVES AND SURPLUS

Particulars	As at		As at	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)
Capital Reserve	—	—	—	—
Capital Redemption Reserve	—	—	—	—
Reserve on Amalgamation	3,003,014	3,003,014	3,003,014	3,003,014
Share Premium				
Balance Brought forward from Previous Year	13,958,314	8,403,217	13,958,314	8,403,217
Add: Addition due to Merger (Refer Note 3 of Schedule 16)	—	5,517,832	—	5,517,832
Add: Addition during the period	54,198	37,265	14,012,512	13,958,314
General Reserves				
Balance Brought forward from Previous Year	—	—	—	—
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				
Balance Brought forward from Previous Year	356,468	291,600	356,468	291,600
Add: Addition due to Merger (Refer Note 3 of Schedule 16)	—	40,568	—	40,568
Add: Addition during the period	—	24,300	356,468	356,468
Balance of Profit/(Loss) in Profit and Loss Account				
Balance Brought forward from Previous Year	4,002,118	5,074,847	4,002,118	5,074,847
Add: Profit during the year	3,781,815	3,269,418	3,781,815	3,269,418
Less: Transfer to Debenture Redemption Reserve	—	(24,300)	—	(24,300)
Less: On Merger (Refer Note 3 of Schedule 16)	—	(4,317,847)	—	(4,317,847)
Total	25,155,927	21,319,914	25,155,927	21,319,914

SCHEDULE - 7

BORROWINGS

Particulars	As at		As at	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)
Debentures/Bonds (Refer note 33 of Schedule 16)	5,040,000	5,040,000	5,040,000	5,040,000
Banks	—	—	—	—
Financial Institutions	—	—	—	—
Others	—	—	—	—
Total	5,040,000	5,040,000	5,040,000	5,040,000

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 8

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

Particulars		As at March 31, 2021 (₹ '000)		As at March 31, 2020 (₹ '000)
LONG TERM INVESTMENTS				
Government securities and Government guaranteed bonds including Treasury Bills		7,904,031		6,075,261
Other Approved Securities		3,184,193		1,962,791
Other Investment:				
Shares				
— Equity	740,489		438,758	
Less : Provision for Diminution in value of Investments	(103,793)	636,696	(87,050)	351,708
— Preference				4,770
Mutual Funds		17,141		12,741
Derivative Instruments				
Debentures/Bonds	5,447,533		4,467,528	
Less : Provision for Diminution in value of Investments*	(1,013,062)	4,434,471	(1,377,913)	3,089,615
Other Securities (Bank Deposits)		36,213		95,296
Investments in Infrastructure and Housing		7,959,598		5,209,021
Sub-total	(A)	<u>24,172,343</u>		<u>16,801,203</u>
SHORT TERM INVESTMENTS				
Government securities and Government guaranteed bonds including Treasury Bills		918,412		101,948
Other Approved Securities		38,479		
Other Investment:				
Shares				
— Equity		81,842		
— Preference		2,734		
Mutual Funds		2,321,494		1,067,482
Derivative Instruments				
Debentures/Bonds	2,101,419		1,495,371	
Less : Provision for Diminution in value of Investments *	(1,568,885)	532,534	(909,053)	586,318
Other Securities (Commercial Papers and Certificate of Deposits)		654,918		458,512
Subsidiaries				
Investment Properties-Real Estate				
Investments in Infrastructure and Housing		806,079		764,721
Sub-total	(B)	<u>5,356,492</u>		<u>2,978,981</u>
Total	(A+B)	<u>29,528,835</u>		<u>19,780,184</u>

Note:

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

		(₹ '000)	(₹ '000)
Long term investments - Book Value		23,518,506	16,436,754
Market Value		24,283,741	17,010,850
Short term investments - Book Value		2,953,159	1,911,500
Market Value		2,978,182	1,918,447

b) Investments made outside India: ₹ Nil (Previous Year ₹ Nil)

* Refer Note 10 of Schedule 16

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 8A

INVESTMENTS - POLICYHOLDERS (Refer Note 2 (p) and 10 of schedule 16)

Particulars	As at March 31, 2021 (₹ '000)	As at March 31, 2020 (₹ '000)
LONG TERM INVESTMENTS		
Government securities and Government guaranteed bonds including Treasury Bills	36,644,428	35,624,602
Other Approved Securities	14,762,466	11,509,574
Other Investment:		
Shares		
– Equity	2,951,831	2,062,376
– Preference	—	27,968
Mutual Funds	79,467	74,714
Debentures/Bonds	20,558,962	18,117,134
Other Securities (Bank Deposits)	167,887	558,804
Subsidiaries	—	—
Investment Properties-Real Estate	—	—
Investments in Infrastructure and Housing	36,902,050	30,545,080
Sub-total (A)	112,067,091	98,520,252
SHORT TERM INVESTMENTS		
Government securities and Government guaranteed bonds including Treasury Bills	4,257,919	597,815
Other Approved Securities	178,396	—
Other Investment:		
Shares		
– Equity	379,433	—
– Preference	12,673	—
Mutual Funds	10,762,832	6,259,587
Derivative Instruments	—	—
Debentures/Bonds	2,468,922	3,438,098
Other Securities (Commercial Papers and Certificate of Deposits)	3,036,311	2,688,658
Subsidiaries	—	—
Investment Properties-Real Estate	—	—
Investments in Infrastructure and Housing	3,737,126	4,484,234
Sub-total (B)	24,833,612	17,468,392
Total (A+B)	136,900,703	115,988,644

Note:

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

	(₹ '000)	(₹ '000)
Long term investments - Book Value	109,035,794	96,383,161
Market Value	112,583,551	99,749,596
Short term investments - Book Value	13,691,347	11,208,805
Market Value	13,807,359	11,249,542

b) Investments made outside India: ₹ Nil (Previous Year ₹ Nil)

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 9

LOANS

Particulars	As at March 31, 2021 (₹ '000)	As at March 31, 2020 (₹ '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

SCHEDULE - 10 FIXED ASSETS

(₹ '000)

Particulars	Cost/Gross Block				Depreciation/Amortisation				Net Block As at Year end		
	Opening	Additions	Addition on Amalgamation	Deductions	Closing	Upto last year	For the period	Addition on Amalgamation		On Sales/ Adjustments	To Date
Intangibles - Computer Software*	2,340,910 (1,488,405)	244,790 (179,914)	- (672,591)	205,058 -	2,380,642 (2,340,910)	1,829,802 (1,165,700)	243,951 (159,594)	- (504,478)	134,231 (30)	1,939,522 (1,829,802)	441,120 (511,108)
Leasehold Property	172,122 (127,424)	13,094 (44,698)	- -	24,891 -	160,325 (172,122)	127,176 (112,248)	17,688 (14,928)	- -	295 -	144,569 (127,176)	15,756 (44,946)
Building	1,267,779 (1,267,779)	248,307 -	- -	- -	1,516,086 (1,267,779)	135,323 (114,179)	24,238 (21,144)	- -	- -	159,562 (135,323)	1,356,524 (1,132,456)
Furniture and Fittings	437,804 (318,042)	48,896 (17,403)	- (103,178)	60,460 (819)	426,240 (437,804)	248,137 (135,704)	35,242 (29,000)	- (84,003)	52,607 (570)	230,772 (248,137)	195,468 (189,667)
Information Technology Equipment	1,326,207 (834,154)	164,398 (224,179)	- (314,746)	147,557 (46,872)	1,343,048 (1,326,207)	948,885 (625,051)	185,717 (129,660)	- (240,860)	131,192 (46,686)	1,003,410 (948,885)	339,638 (377,322)
Vehicles	231,299 (179,934)	17,118 (29,110)	- (54,350)	29,721 (32,095)	218,696 (231,299)	120,096 (62,495)	38,907 (36,732)	- (43,735)	19,468 (22,866)	139,535 (120,096)	79,161 (111,203)
Office Equipment	305,887 (214,955)	42,504 (23,092)	- (71,590)	10,571 (3,750)	337,820 (305,887)	242,570 (169,745)	28,085 (18,055)	- (58,361)	9,342 (3,591)	261,313 (242,570)	76,507 (63,317)
Total	6,082,008 (4,430,693)	779,107 (518,396)	- (1,216,455)	478,258 (83,536)	6,382,857 (6,082,008)	3,651,989 (2,385,122)	573,828 (409,113)	- (931,437)	347,134 (73,683)	3,878,683 (3,651,989)	2,504,174 (2,430,019)
Capital Work-in-progress (includes advances)	394,334 (89,479)	312,204 (347,576)	- (128,190)	477,108 (170,911)	229,430 (394,334)	- -	- -	- -	- -	- -	229,430 (394,334)
Grand Total	6,476,342 (4,520,172)	1,091,311 (865,972)	- (1,344,645)	955,366 (254,447)	6,612,287 (6,476,342)	3,651,989 (2,385,122)	573,828 (409,113)	- (931,437)	347,134 (73,683)	3,878,683 (3,651,989)	2,733,604 (2,824,353)

* There are no internally generated Computer Software
(Figures in bracket pertains to Previous Year)

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 11

CASH AND BANK BALANCES

Particulars	As at March 31, 2021 (₹ '000)	As at March 31, 2020 (₹ '000)
Cash (including cheques, drafts and stamps)	811,595	358,572
Bank Balances		
(a) Deposit Accounts	—	—
(aa) Short-term (due within 12 months)	772,469	4,315,811
(bb) Others	4,671	23,853
(b) Current Accounts	3,149,514	3,123,071
(c) Others	—	—
Money at Call and Short Notice		
(a) With Banks	—	—
(b) With Other Institutions	—	—
Others	—	—
Total	4,738,249	7,821,307

SCHEDULE - 12

ADVANCES AND OTHER ASSETS

Particulars	As at March 31, 2021 (₹ '000)	As at March 31, 2020 (₹ '000)
ADVANCES		
Reserve deposits with ceding companies	—	—
Application money for investments	—	—
Prepayments	248,395	558,113
Advance tax paid and taxes deducted at source (Net of provision for taxation)	354,080	258,742
Others:		
Advances to employees	7,584	14,370
Advances to suppliers	800,713	756,182
Less : Provisions for doubtful debts	—	(1,406)
Goods and Service tax Unutilised Credit	862,074	1,793,598
Sub-total (A)	2,272,846	3,379,599
OTHER ASSETS		
Income accrued on investments	3,894,317	3,794,158
Outstanding Premiums	10,956,266	14,497,129
Less : Provisions for doubtful debts Govt Receivable	(6,856)	—
	10,949,410	14,497,129

Schedules

Annexed to and forming part of the Balance Sheet

Schedule - 12 (Continued)

Particulars		As at March 31, 2021 (₹ '000)		As at March 31, 2020 (₹ '000)
Agents' Balances	7,123		11,302	
Less : Provisions for doubtful debts	(1,217)	5,905	(5,073)	6,229
Due from other entities carrying on insurance business (including reinsurers)		1,089,638		1,416,200
Due from subsidiaries/holding Company		—		26
Deposits for premises	147,133		198,432	
Less : Provisions for doubtful debts	—	147,133	(13,410)	185,022
Unclaimed amount of Policyholders Investment		147,786		144,396
Interest Income on Unclaimed amount of Policyholders Investment		44,772		39,928
Sub-total (B)		16,278,961		20,083,088
Total (A+B)		18,551,807		23,462,687

SCHEDULE - 13

CURRENT LIABILITIES

Particulars		As at March 31, 2021 (₹ '000)		As at March 31, 2020 (₹ '000)
Agents' Balances		571,506		489,927
Balances due to other insurance companies		29,374,458		27,623,507
Premiums received in advance		8,938,194		7,578,930
Unallocated Premium		6,013,690		6,602,076
Unclaimed amount of Policyholders (Refer Note 28 of Schedule 16)		264,090		229,040
Interest on Unclaimed amount of Policyholders (Refer note 28 of Schedule 16)		44,772		39,928
Sundry creditors		5,160,450		4,411,203
Due to subsidiaries/holding company		112,036		97,576
Claims Outstanding		61,050,885		47,561,879
Due to Officers/Directors		3,700		3,600
Others:				
Tax deducted at source		499,115		574,001
Other statutory dues		48,331		52,754
Interest payable on debentures		231,446		230,559
Total		112,312,673		95,494,980

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 14

PROVISIONS

Particulars	As at March 31, 2021 (₹ '000)	As at March 31, 2020 (₹ '000)
Reserve for Unexpired Risk	43,253,664	42,266,612
For taxation (less advance tax paid and taxes deducted at source)	—	—
For proposed dividends	—	—
For dividend distribution tax	—	—
Others:		
Provision for Employee benefits	47,852	125,002
Total	43,301,516	42,391,614

SCHEDULE - 15

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Particulars	As at March 31, 2021 (₹ '000)	As at March 31, 2020 (₹ '000)
Discount Allowed in issue of shares/debentures	—	—
Others:		
Pre-operative expenses:		
Opening balance	—	—
Incurred during the period	—	—
Less: Amortisation during the period	—	—
Total	—	—

Schedule – 16
NOTES TO ACCOUNTS

1. BACKGROUND

HDFC ERGO General Insurance Company Limited (“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 which include Motor, Home, Accident & Health, Commercial, Specialty and Weather/Crop business lines.

The Company’s Unsecured, Subordinated, Fully Paid-up, Listed, Redeemable Non-Convertible Debentures (NCDs) are listed on the Bombay Stock Exchange (BSE).

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 and guidelines issued by IRDAI from time to time, 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 current practices prevailing within the insurance industry in India. The financial statements are presented in Indian rupees rounded off to the nearest thousand.

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 recognized prospectively in current and future periods.

(c) Revenue Recognition

Premium Income

Premium including Reinsurance accepted (net of Goods & Service Tax) is recognized as income over

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are accounted for in the period in which they occur. Instalment cases are recorded on instalment due dates. Premium received in advance represents premium received prior to commencement of the risk. In case of Long Term Motor Insurance Policies, premium is recognized on a yearly basis as mandated by IRDAI circular number IRDAI/NL/CIR/MOT/137/08/2018 dated August 28, 2018.

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 sale.

(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.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

(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 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. The above elements of estimates of liability for claims are periodically reviewed by the Appointed Actuary and adjusted based on recent experience and emerging trends.

(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. In accordance with the requirements of the Circular no. IRDA/INT/CIR/Comm/139/08/2018 dated August 29, 2018, Commission, remuneration, reward and distribution fees for new Long Term Private Car and Two-wheeler motor policies at the prescribed rates is accounted in the year in which the corresponding premium is recognised.

(k) Borrowing Costs

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

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

(l) 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.

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.

(m) 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.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

(n) 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.

(o) Foreign Currency Transactions

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

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.

(p) Investments

Investments are made, accounted and classified in accordance with the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 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, investment income and fair value change account are bifurcated into Policyholders and Shareholders funds on notional basis.

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.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

All debt securities excluding Additional Tier I Bonds 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 to the extent of policyholders funds in the Revenue Accounts and to the extent of shareholders' funds 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 No. 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).

Additional Tier I Bond Investments are fair valued at market yield rates published by rating agency registered with the Securities and Exchange Board of India (SEBI).

In accordance with the Regulations, any unrealized gains/losses arising due to change in fair value of mutual fund investments, listed equity shares and Additional Tier I Bonds 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 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.

(q) 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

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

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.

(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.

(r) Taxation

Direct Tax

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.

Indirect Tax

The Goods and Service Tax ("GST") is collected as per the GST Laws in force and the same is considered as a liability. The Input Tax Credit (ITC) eligible as per the GST Laws is considered as an asset. The ineligible ITC is examined and expensed out as per the GST laws. The eligible unutilised ITC, if any, is carried forward for utilisation in subsequent periods.

(s) 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

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

(“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.

(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) Transfer of amounts to Senior Citizen Welfare Fund

In accordance with the requirement of the Notification no G.S.R 380(E), issued by the Ministry of Finance, dated April 11, 2017 read with IRDAI Circular No. IRDA/F&A/CIR/MISC/173/07/2017 dated July 25, 2017 the Company transfers amounts outstanding for a period of more than 10 years in Unclaimed Amount of Policyholders to the Senior Citizen Welfare Fund (SCWF) on or before March 1st of each financial year.

(v) Contribution to Environment Relief Fund

In accordance with the notification no G.S.R 768(E), issued by Ministry of Environment and Forests, dated November 4, 2008, the Company provides for contribution to the Environment Relief Fund established by the Central Government, an amount equal to the premium received in relation to Public Liability policies issued by the Company, as per the rules specified by Public Liability Insurance Rules 1992.

(w) 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.

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.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

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.

(x) 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.

(y) 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 losses arising from claims other than insurance claims, litigations, assessments, fines, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

A disclosure for a contingent liability other than those under policies is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. A Contingent asset is neither recognised nor disclosed.

(z) 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.

(aa) 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 HEALTH INSURANCE LIMITED (Formerly Apollo Munich Health Insurance Company Limited) (“Transferor Company”) with the Company (“Transferee Company”)

The National Company Law Tribunal, Mumbai Bench (NCLT), on September 29, 2020 sanctioned the Scheme of Amalgamation of merger of HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) (IRDAI Regn No. 131) (“Transferor Company”) with HDFC ERGO General Insurance Company Limited (IRDAI Regn No. 146) (“Transferee Company”). Further, the Insurance Regulatory and Authority of India (IRDAI), vide its letter dated November 11, 2020 gave its final approval to the said Merger with Effective Date of November 13, 2020 and Appointed Date of March 1, 2020. Consequently, the Scheme has been given effect to in the previous year’s financial statements, which were prepared containing 12 months business of the Transferee Company and 1 month business of Transferor Company. Accordingly, current year figures are not comparable with previous year figures for Profit & Loss and Revenue Accounts.

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 March 1, 2020 have been taken over at their book values.

3A. SHARE CAPITAL SUSPENSE:

Pursuant to IRDAI approval on said merger, the Company, in the current year, has allotted 10,53,77,232 equity shares (105,368,928 equity shares upto March 31, 2020 plus 8,304 equity shares issued on July 23, 2020) of ₹ 10/- each, fully paid-up, of the Company to the shareholders of the Transferor Company, determined in accordance with the Scheme of Amalgamation @100 equity shares of ₹ 10 each of the Company to be allotted to the shareholders of the Transferor Company, for every 385 equity shares of ₹ 10 each held in the Transferor Company. On allotment, the entire balance previously reflected under Share Capital Suspense has been credited to Paid-up Share Capital.

4. CONTINGENT LIABILITIES

(₹ '000)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
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	1,682
4	Guarantees given by or on behalf of the Company	Nil	Nil
5	Statutory demands/liabilities in dispute, not provided for (Refer Note 1 below)	Nil	270,442
6	Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
7	Others (Refer Note 2 below)	Nil	10,000

Note :

- (1) The Company has disputed the demand raised by Service Tax Authorities of ₹ 270,442 thousand, the appeals of which are pending before the appropriate Authorities. Based on the expert advice in respect of this matter, the Management does not expect any outflow of economic benefits and assessed the likelihood of outflow of resources as remote.
- (2) Represents amounts payable on cancellation of a service contract, which on the date of approval of previous year financial statements had concluded.
- (3) The Company has pending litigations arising out of matters relating to Service Tax and has received Order in Original in respect of a Service Tax matter of ₹ 2,015,673 thousand (Previous year ₹ 1,742,305 thousand). Based on the expert advice in respect of these matters, the Management does not expect any outflow of economic benefits and assessed the likelihood of outflow of resources as remote.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

5. ENCUMBRANCES ON ASSETS

The assets of the Company are free from encumbrances.

6. COMMITMENTS

There are commitments made and outstanding of ₹ 88,648 thousand (Previous year ₹ 110,158 thousand) for investments.

Estimated amount of contracts remaining to be executed on capital account and not provided for, [net of payments ₹ 229,430 thousand (Previous year ₹ 394,334 thousand)] is ₹ 297,900 thousand (Previous year ₹ 407,669 thousand).

There are no commitments made and outstanding for loans (Previous year ₹ Nil).

7. CLAIMS

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

(₹ '000)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Outside India	136,874	269,455

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, 2021	As at March 31, 2020
More than six months	10,949,031	26,125,781
Others	31,364,229	10,290,035

8. PREMIUM

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

(Refer Note 37(b) for treatment, in previous year, of premium received for renewal of Motor Third Party Insurance policies falling due during the lockdown period as a result of Covid-19 situation, in terms of IRDAI Circular No. IRDAI/NL/CIR/MOT/079/04/2020 dated April 2, 2020.)

(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, 2021

Particulars	Basis	Gross Premium	Retention	Cession	Retention	Cession
		(₹ '000)	(₹ '000)	(₹ '000)	%	%
Fire	Total sum insured	12,880,529	3,804,160	9,076,369	30	70
Marine Cargo	Value at Risk	1,345,144	1,075,288	269,855	80	20
Marine Hull	Total sum insured	222,770	609	222,161	—	100
Miscellaneous						
- Motor	Total sum insured	34,064,555	24,734,822	9,329,732	73	27
- Workmen's Compensation	Value at Risk	165,741	147,532	18,209	89	11
- Public/Product Liability	Value at Risk	39,995	8,568	31,427	21	79
- Engineering	Total sum insured	1,836,286	611,418	1,224,868	33	67
- Aviation	Value at Risk	120,489	(1,331)	121,820	—	100

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Particulars	Basis	Gross Premium	Retention	Cession	Retention	Cession
		(₹ '000)	(₹ '000)	(₹ '000)	%	%
- Personal Accident	Value at Risk	5,408,902	3,898,459	1,510,444	72	28
- Health Insurance	Value at Risk	37,416,318	24,897,466	12,518,852	67	33
- Other Liability / Specialty	Value at Risk	3,108,881	823,157	2,285,724	26	74
- Others	Value at Risk	27,829,724	6,057,474	21,772,249	22	78

The above excludes Excess of Loss cover reinsurance premium of ₹ 1,014,770 thousand for the year ended on March 31, 2021.

For the year ended on March 31, 2020

Particulars	Basis	Gross Premium	Retention	Cession	Retention	Cession
		(₹ '000)	(₹ '000)	(₹ '000)	%	%
Fire	Total sum insured	10,685,887	2,759,047	7,926,840	26	74
Marine Cargo	Value at Risk	1,716,618	756,683	959,934	44	56
Marine Hull	Total sum insured	230,254	761	229,493	-	100
Miscellaneous						
- Motor	Total sum insured	33,880,743	25,105,977	8,774,766	74	26
- Workmen's Compensation	Value at Risk	200,988	187,774	13,214	93	7
- Public/Product Liability	Value at Risk	44,203	20,577	23,626	47	53
- Engineering	Total sum insured	1,998,838	830,044	1,168,795	42	58
- Aviation	Value at Risk	127,101	3,098	124,003	2	98
- Personal Accident	Value at Risk	6,592,572	4,459,852	2,132,720	68	32
- Health Insurance	Value at Risk	16,031,212	9,592,574	6,438,638	60	40
- Other Liability / Specialty	Value at Risk	2,541,731	971,703	1,570,028	38	62
- Others	Value at Risk	23,550,819	4,909,909	18,640,910	21	79

The above excludes Excess of Loss cover reinsurance premium of ₹ 929,340 thousand for the year ended on March 31, 2020.

10. INVESTMENTS

Details of contracts for purchase / sale of securities during the year, where deliveries are pending at the end of the year and credit/debit in Company's Demat Account has been done subsequent to the year end are as under:

(₹ '000)

Particulars	Nature	Type of Security	No. of Units	As at March 31, 2021	As at March 31, 2020
Axis Liquid Fund Direct Growth	Purchase	Mutual Fund	6,828.648	-	15,000
Jhelum Investment Fund	Purchase	Alternate Investment Fund	3.875	-	388
Total				-	15,388

Investments made are in accordance with the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 as amended and various other circulars / notifications issued by the IRDAI in this context from time to time.

The Company had non-performing investments in Dewan Housing Finance Corporation (DHFL) Limited amounting ₹ 250,000 thousand, Reliance Capital Limited (RCL) amounting ₹ 199,979 and IL&FS group securities amounting ₹ 2,131,969 thousand. These Companies have defaulted in the payment of interest and redemption proceeds and based on IRDAI Guidelines, the investment has been classified as non-performing. During the year, the

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

Company has made provision for DHFL amounting to ₹ 125,000 thousand (Previous year ₹ 125,000 thousand) and RCL amounting ₹ 169,982 thousand (Previous year ₹ 29,997 thousand). Hence, as on March 31, 2021, 100% provision has been made for DHFL and RCL. For IL&FS group securities, 100% provision had been provided in previous years amounting to ₹ 2,131,969 thousand.

No interest income has been accrued thereon, in terms of the provisions of point 13 of Para 3.7 of the Master Circular on IRDAI (Investment) Regulations, 2016.

During the previous year, the Company had written-off ₹ 100,000 thousand, being the book value of its investments in non-convertible debentures (Additional Tier 1) in Yes Bank Limited, as part of the restructuring process initiated by the Reserve Bank of India under Section 45 of the Banking Regulation Act, 1949 and in terms of directions issued under Para 3 of letter No. YBL/CS/2019-20/186(2) dated March 14, 2020, by the Administrator of Yes Bank Limited.

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

Mutual Funds – ₹ 13,192,752 thousand (Previous year ₹ 7,414,772 thousand)

Equity Shares – ₹ 3,774,017 thousand (Previous year ₹ 3,169,005 thousand)

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
Aggregate market value of the Investments other than Mutual Fund and Equity Shares	153,652,833	129,928,435
Aggregate amortized cost / cost of the Investments other than Mutual Fund and Equity Shares	149,198,806	125,940,220

11. MANAGERIAL REMUNERATION

In terms of the disclosure requirements of Para 9 of IRDAI Corporate Governance Guidelines for Insurers in India, 2016, the elements of remuneration paid to Managing Director and Chief Executive Officer (MD & CEO), the Executive Directors, all other directors and Key Management Persons are as follows:

- (a) 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, 2021	For the year ended March 31, 2020
Salary, perquisites and bonus	134,055	130,026
Contribution to Provident Fund	4,069	3,941
Total	138,124	133,967

Figures for the previous year includes remuneration paid to Mr. Anuj Tyagi, as Executive Director of the Company, for the period April 01, 2019 to January 08, 2020 and as MD & CEO of the Transferor Company for the period March 01, 2020 to March 31, 2020.

Out of the above ₹ 15,000 thousand (Previous year ₹ 15,000 thousand) remuneration for each Director (proportionate for previous year, in case of Mr. Anuj Tyagi for the period April 01, 2019 till January 08, 2020 and March 01, 2020 to March 31, 2020) has been charged to Revenue Accounts and balance ₹ 93,124 thousand (Previous year ₹ 91,467 thousand) has been transferred to Profit and Loss Account.

- (b) During the year, the Company has paid an amount of ₹ 4,000 thousand (Previous year ₹ 4,000 thousand) as Commission to Independent Directors. An amount of ₹ 21,700 thousand (Previous year ₹ 14,000 thousand) has been paid as fees to Non-Executive Directors for attending Board / Committee meetings and ₹ 120 thousand (Previous year ₹ Nil) has been paid for a Group Mediclaim insurance cover policy for the Non-Executive Directors.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

- (c) Details of the elements of remuneration paid to Key Management Persons (KMPs) excluding Wholetime Directors, as defined under IRDAI Corporate Governance Guidelines for Insurers in India, 2016, are as follows :

(₹ '000)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salary, perquisites and bonus	180,701	144,470
Contribution to Provident Fund	4,496	3,599
Total	185,197	148,069

In addition to the above, Wholetime Directors and KMPs are entitled to ESOPs under the Company's ESOP Scheme.

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, 2021		For the year ended March 31, 2020	
	GDPI (₹ '000)	% of GDPI	GDPI (₹ '000)	% of GDPI
Rural	34,738,074	28	28,720,875	30
Urban	88,212,953	72	67,574,998	70
Total	122,951,027	100	96,295,873	100

Social Sector	For the year ended March 31, 2021	For the year ended March 31, 2020
Number of lives	8,951,187	7,356,537
GDPI (₹ '000)	27,760,111	26,707,213

13. REINSURANCE REGULATIONS

As per Para 6 of Insurance Regulatory and Development Authority of India (Reinsurance) Regulations, 2018, prior approval from IRDAI is required in case of re-insurance placements with Cross Border Reinsurers (CBRs) by the cedants transacting other than life insurance business, which shall be subject to the following overall cession limits on the overall reinsurance premium ceded outside India during a financial year.

Rating of the CBR as per Standard & Poor or equivalent	Maximum overall cession limits allowed per CBR
BBB & BBB+ of Standard & Poor	10%
Greater than BBB+ and upto & including A+ of Standard & Poor	15%
Greater than A+ of Standard & Poor	20%

In terms of above Reinsurance Regulations, the Company has submitted details of its reinsurance programmes to the IRDAI, covering reinsurance wise placement for such treaties.

14. ASSETS TAKEN ON LEASE

Operating lease commitments – Premises, Furniture and Fittings:

The Company takes premises; both commercial (includes furniture taken on lease). The minimum lease payments to be made in future towards non-cancellable lease agreements are as follows:

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
Not later than one year	291,242	122,802
Later than one year but not later than five years	210,315	68,368
Later than five years	—	—

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

The aggregate operating lease rental, charged to the Revenue Accounts in the current year is ₹ 405,322 thousand (Previous year ₹ 279,376 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 Assets and Liabilities are tabulated below.

(₹ '000)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred Tax Assets:		
Section 43B & 40(a) of Income Tax Act	24,224	91,602
Rule 6E of the Income-tax Rules, 1962 (Reserve for unexpired risk)	—	—
Amalgamation Expenses	100,974	56,944
Provision for diminution in value of Investment and Doubtful Debts	674,515	599,033
Total	799,712	747,579
Deferred Tax Liabilities:		
Depreciation	63,179	21,303
Total	63,179	21,303
Deferred Tax Asset / (Liabilities) (Net)	736,533	726,276

Deferred Tax on unabsorbed depreciation or carried forward loss under taxation laws are recognized only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which Deferred Tax Asset can be realized.

16. EMPLOYEE STOCK OPTION PLAN (ESOP)

The Company had introduced an Employee Stock Option Plan 2009 (“ESOP 2009”) in financial year 2009-10. ESOP 2009 provides that eligible employees are granted options to acquire equity shares of the Company that vest in graded manner. During the previous year, pursuant to the merger scheme, the stock options granted under the Transferor Company ESOP Plan 2011 are transferred from Transferor Company to Transferee Company, taking into account the Share Exchange Ratio and on the same terms and conditions as provided in the Scheme. The options will vest over a period of two to four or five years as per the terms of the respective Tranches from the date of grant and are exercisable over a period of five years from the respective dates of vesting.

During the year, the Company issued three tranches viz. Tranche XIV, having 1,530,500 options granted at ₹ 363.80 per option, Tranche XV having 10,000 options granted at ₹ 363.80 per option & HI Tranche VII having 125,000 options granted at ₹ 359.21 per option (Previous year Tranche XII & Tranche XIII having 100,000 options each granted at ₹ 364.40 per option). Accordingly, during the year, 2,922 options (Previous year Nil options) were vested out of HI Tranche III, Nil options (Previous year 581,500 options) were vested out of Tranche VII, 20,000 options (Previous year 10,000 options) were vested out of Tranche VIII, 503,750 options (Previous year 503,750 options) were vested out of Tranche IX, 217,500 options (Previous year Nil options) were vested out of Tranche X and 25,000 options (Previous year Nil options) were vested out of Tranche XI.

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

Movement in the options :

(No. of Options)

Particulars	Tranche XV		Tranche XIV		Tranche XIII		Tranche XII	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Outstanding at the Beginning of the year	—	—	—	—	100,000	—	100,000	—
Transfer on Merger	—	—	—	—	—	—	—	—
Granted during the year	10,000	—	1,530,500	—	—	100,000	—	100,000
Exercised during the year	—	—	—	—	—	—	—	—
Lapsed during the year	—	—	28,000	—	—	—	—	—
Outstanding at the end of the year	10,000	—	1,502,500	—	100,000	100,000	100,000	100,000
Unvested at the end of the year	10,000	—	1,502,500	—	100,000	100,000	100,000	100,000
Vested at the end of the year	—	—	—	—	—	—	—	—
Weighted average price per option	363.80	—	363.80	—	364.40	364.40	364.40	364.40

(No. of Options)

Particulars	Tranche XI		Tranche X		Tranche IX		Tranche VIII	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Outstanding at the Beginning of the year	100,000	100,000	870,000	915,000	1,872,500	2,015,000	20,000	30,000
Transfer on Merger	—	—	—	—	—	—	—	—
Granted during the year	—	—	—	—	—	—	—	—
Exercise during the year	—	—	123,251	—	122,500	142,500	20,000	10,000
Lapsed during the year	—	—	—	45,000	25,000	—	—	—
Outstanding at the end of the year	100,000	100,000	746,749	870,000	1,725,000	1,872,500	—	20,000
Unvested at the end of the year	75,000	100,000	652,500	870,000	982,500	1,511,250	—	20,000
Vested at the end of the year	25,000	—	94,249	—	742,500	361,250	—	—
Weighted average price per option	257	257	257	257	151	151	91	91

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

(No. of Options)

Particulars	HI Tranche VII		Tranche VII		HI Tranche VI		Tranche VI	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Outstanding at the Beginning of the year	—	—	550,000	748,500	383,134	—	—	—
Transfer on Merger	—	—	—	—	—	383,134	—	—
Granted during the year	125,000	—	—	—	—	—	—	—
Exercise during the year	—	—	29,400	198,500	—	—	—	—
Lapsed during the year	—	—	—	—	181,826	—	—	—
Outstanding at the end of the year	125,000	—	520,600	550,000	201,308	383,134	—	—
Unvested at the end of the year	125,000	—	—	—	201,308	383,134	—	—
Vested at the end of the year	—	—	520,600	550,000	—	—	—	—
Weighted average price per option	359.21	—	80	80	364.60	364.60	80	80

(No. of Options)

Particulars	HI Tranche V		Tranche V		HI Tranche IV		Tranche IV	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Outstanding at the Beginning of the year	162,349	—	76,000	91,000	91,429	—	98,500	135,500
Transfer on Merger	—	162,349	—	—	—	91,429	—	—
Granted during the year	—	—	—	—	—	—	—	—
Exercise during the year	—	—	19,000	15,000	—	—	18,500	37,000
Lapsed during the year	84,421	—	—	—	58,182	—	—	—
Outstanding at the end of the year	77,928	162,349	57,000	76,000	33,247	91,429	80,000	98,500
Unvested at the end of the year	77,928	162,349	—	—	33,247	91,429	—	—
Vested at the end of the year	—	—	57,000	76,000	—	—	80,000	98,500
Weighted average price per option	281.05	281.05	62.50	62.50	75.81	75.81	50	50

Schedule – 16 (Continued)
NOTES TO ACCOUNTS

(No. of Options)

Particulars	HI Tranche III		Tranche III		Tranche II		Tranche I	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Outstanding at the Beginning of the year	35,606	—	13,000	18,000	—	—	13,000	25,000
Transfer on Merger	—	35,606	—	—	—	—	—	—
Granted during the year	—	—	—	—	—	—	—	—
Exercised during the year	—	—	13,000	5,000	—	—	—	12,000
Lapsed during the year	26,299	—	—	—	—	—	—	—
Outstanding at the end of the year	8,767	35,606	—	13,000	—	—	13,000	13,000
Unvested at the end of the year	5,845	35,606	—	—	—	—	—	—
Vested at the end of the year	2,922	—	—	13,000	—	—	13,000	13,000
Weighted average price per option	75.81	75.81	50	50	10	10	10	10

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 not less than the intrinsic 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 ₹ 115,532 thousand (Previous year ₹ 50,101 thousand) and profit after tax would have been lower by ₹ 86,337 thousand (Previous year ₹ 38,046 thousand). Consequently, the Company's basic and diluted earnings per share would have been ₹ 8.19 and ₹ 8.17 respectively.

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, HI Tranche V, Tranche VI, HI Tranche VI, Tranche VII, HI Tranche VII, Tranche VIII, Tranche IX, HI Tranche III, HI Tranche IV, Tranche X, Tranche XI, HI Tranche V, Tranche XII, HI Tranche VI, Tranche XIII, HI Tranche VII, Tranche XIV, Tranche XV, and as on the date of grant viz. February 10, 2010, May 25, 2010, July 25, 2011, April 24, 2012, April 30, 2013, April 24, 2014, March 16, 2015, April 21, 2016, April 28, 2017, October 1, 2017, February 9, 2018, April 16, 2018, August 20, 2018, August 7, 2019, February 06, 2020, February 10, 2020, February 20, 2020, June 12, 2020, June 12, 2020 and July 14, 2020 are as follows:

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Particulars	Risk Free Interest rate	Expected Life	Expected Volatility*	Expected dividend yield
Tranche XV	4.81%-5.46%	4-6 years	32%	Nil
Tranche XIV	4.95%-5.66%	4-6 years	32%	Nil
Tranche XIII	5.98%-6.27%	4-6 years	14%	Nil
Tranche XII	6.07%-6.34%	4-6 years	14%	Nil
Tranche XI	7.83%-7.96%	4-6 years	10%	Nil
Tranche X	7.33%-7.58%	4-6 years	10%	Nil
Tranche IX	6.90%-6.95%	4-6 years	12%	Nil
Tranche VIII	7.41%-7.62%	4-6 years	18%	Nil
HI Tranche VII	4.95%-5.66%	4-6 years	32%	Nil
Tranche VII	7.82%-7.86%	4-6 years	13%	Nil
HI Tranche VI	5.95%-6.28%	4-6 years	14%	Nil
Tranche VI	8.75%-8.93%	4-6 years	17%	Nil
HI Tranche V	6.10%-6.48%	4-7 years	13%	Nil
Tranche V	7.64%-7.60%	4-6 years	13%	Nil
HI Tranche IV	7.22%-7.59%	4-7 years	9%	Nil
Tranche IV	8.22%-8.49%	4-6 years	20%	Nil
HI Tranche III	6.58%-6.75%	4-6 years	10%	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 year ended March 31, 2021	For the year ended March 31, 2020
A	Net Profit after Tax (₹ '000)	5,830,173	3,231,372
B	Less: Preference dividend	—	—
C	Weighted Average number of Equity Shares of ₹10/- each (Basic) (in '000)	711,483	614,623
D	Weighted Average number of Equity Shares of ₹10/- each (Diluted) (in '000)	713,328	616,759
E	Basic Earnings Per Share (₹)	8.19	5.26
F	Diluted Earnings Per Share (₹)	8.17	5.24

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Information in respect of Options outstanding

Particulars		Exercise Price (₹)	No. of Options	Weighted Average remaining life
Tranche XV	As at March 31, 2021	363.80	10,000	90 months
	As at March 31, 2020	—	—	—
Tranche XIV	As at March 31, 2021	363.80	1,502,500	89 months
	As at March 31, 2020	—	—	—
Tranche XIII	As at March 31, 2021	—	—	—
	As at March 31, 2020	364.40	100,000	98 months
Tranche XII	As at March 31, 2021	364.40	100,000	85 months
	As at March 31, 2020	364.40	100,000	97 months
Tranche XI	As at March 31, 2021	257	100,000	68 months
	As at March 31, 2020	257	100,000	80 months
Tranche X	As at March 31, 2021	257	746,749	64 months
	As at March 31, 2020	257	870,000	76 months
Tranche IX	As at March 31, 2021	151	1,725,000	52 months
	As at March 31, 2020	151	1,872,500	64 months
Tranche VIII	As at March 31, 2021	—	—	—
	As at March 31, 2020	91	20,000	52 months
HI Tranche VII	As at March 31, 2021	359.21	125,000	89 months
	As at March 31, 2020	—	—	—
Tranche VII	As at March 31, 2021	80	520,600	26 months
	As at March 31, 2020	80	550,000	38 months
HI Tranche VI	As at March 31, 2021	364.60	201,308	85 months
	As at March 31, 2020	364.60	383,134	97 months
Tranche VI	As at March 31, 2021	80	—	—
	As at March 31, 2020	80	—	—
HI Tranche V	As at March 31, 2021	281.05	77,928	86 months
	As at March 31, 2020	281.05	162,349	98 months
Tranche V	As at March 31, 2021	62.5	57,000	4 months
	As at March 31, 2020	62.5	76,000	16 months
HI Tranche IV	As at March 31, 2021	75.81	33,247	80 months
	As at March 31, 2020	75.81	91,429	92 months
Tranche IV	As at March 31, 2021	50	80,000	1 month
	As at March 31, 2020	50	98,500	4 months
HI Tranche III	As at March 31, 2021	75.81	8,767	57 months
	As at March 31, 2020	75.81	35,066	69 months
Tranche III	As at March 31, 2021	50	—	—
	As at March 31, 2020	50	13,000	2 months
Tranche II	As at March 31, 2021	10	—	—
	As at March 31, 2020	10	—	—
Tranche I	As at March 31, 2021	10	13,000*	—
	As at March 31, 2020	10	13,000	6 months

*The last date for exercise of Tranche 1 options vested on February 10, 2014, was February 10, 2021 (extended period). The options pending for exercise pertain to two employees who have given a request letter in January 2021, indicating their intention to exercise the options and the same would be considered in the next exercise window by the Management.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

17. SEGMENT REPORTING

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

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, 2021	For the year ended March 31, 2020
Contribution to Staff Provident fund	204,064	140,676
Contribution to Superannuation fund	Nil	Nil
Contribution to National Pension Scheme	26,919	14,691
Total	230,983	155,367

(b) Defined Benefit Plan – Gratuity :

Disclosures as per AS-15 (Revised) “Employee Benefits” for the year ended on March 31, 2021:

(₹ '000)

Sl. No.	Particulars	March 31, 2021	March 31, 2020
I.	Assumptions		
	Discount Rate	5.58%	5.45%-6.84%
	Rate of increase in compensation levels	7.00%	7.00%-8.00%
	Rate of Return on Plan Assets (p.a.)	5.58%	5.45%-6.84%
II.	Table Showing Change in Benefit Obligation		
	Net liability as per books (A)	452,296	276,106
	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)	452,296	276,106
	Interest Cost for the year	31,437	21,288
	Service Cost for the year	94,515	53,144
	Past Service cost	35,164	Nil
	Liability taken over from Transferor Company	Nil	103,043
	Liability Transferred Out	Nil	Nil
	Benefits paid during the year	(63,117)	(31,269)
	Actuarial (Gain)/Loss on obligations	(68,978)	29,984
	Liabilities assumed on acquisition / settled	Nil	Nil
	Plan Benefit Obligation at the end of the year	481,316	452,296

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

(₹ '000)

Sl. No.	Particulars	March 31, 2021	March 31, 2020
III.	Tables of Fair value of Plan Assets		
	Fair Value of Plan Assets at the beginning of the year	433,566	277,036
	Expected Return on Plan Assets for the year	28,340	21,362
	Contributions during the year	84,376	82,951
	Assets taken over from Transferor Company	Nil	74,878
	Benefits Paid during the year	(63,117)	(31,269)
	Actuarial Gain/(Loss) on Plan Assets	6,365	8,608
	Fair Value of Plan Assets at the end of the year	489,530	433,566
IV.	The Amounts to be recognised in the Balance Sheet		
	Present Value of Obligation	(481,316)	(452,296)
	Fair Value of Plan Assets	489,530	433,566
	Asset/(Liability) recognised in Balance Sheet	8,214	(18,730)
V.	Amounts to be recognised in the Revenue Accounts (Net Periodic Cost)		
	Current Service Cost	94,515	53,144
	Past Service cost	35,164	Nil
	Interest Cost	3,098	(74)
	Expected Return on Plan Assets	Nil	Nil
	Net actuarial (Gain) / Loss recognised in the year	(75,344)	21,376
	Actuarial determined charge for the year (A)	57,432	74,446
	Shortfall/(Excess) (B)	Nil	Nil
	Total Charge as per books (A+B)	57,432	74,446
	(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)	18,730	(930)
	Shortfall/(Excess) in opening liability determined as per actuarial valuation (B)	Nil	Nil
	Opening net liability(A+B)	18,730	(930)
	Expense as above	57,432	74,446
	Net Liability / (Asset) Transfer In	Nil	28,165
	Net (Liability) / Asset Transfer Out	Nil	Nil
	Contribution paid	(84,376)	(82,951)
	Closing Net (Asset)/Liability	8,214	18,730
VII.	Actual Return on Plan Assets		
	Expected return on Plan Assets	28,340	21,362
	Actuarial Gain/(Loss) on Plan Assets	6,365	8,608
	Actual return on Plan assets	34,705	29,970

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Experience adjustments (₹ '000)

Particulars	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Defined Benefit Obligation	481,316	452,296	276,106	234,391	190,652
Plan Assets	489,530	433,566	277,036	229,315	171,907
Surplus/(Deficit)	8,214	(18,730)	930	(5,076)	(18,745)
Experience Adjustment on Plan Liabilities	(67,395)	4,214	(21,701)	(20,613)	(5,019)
Experience Adjustment on Plan Assets	6,365	8,608	(1,808)	(4,446)	(419)

The Transferee Company's gratuity funds are managed by HDFC Life Insurance Company Limited. Secure Managed Fund constitutes 100% (Previous year 98%) and Liquid Fund constitutes Nil (Previous year 2%) of the total fund balance.

Investment Pattern of Transferee Company's Gratuity Funds in HDFC Life Insurance Company Limited:

Particulars	Invested as on March 31, 2021		Invested as on March 31, 2020	
	Secure Managed Fund	Liquid Fund	Secure Managed Fund	Liquid Fund
Government Securities	59%	—	46%	—
Debentures/Bonds	36%	—	49%	—
Deposits, Money Market Securities and Net Current Assets	5%	100%	5%	100%
Total	100%	100%	100%	100%

During the previous year, Transferor Company's gratuity funds were managed by Kotak Mahindra Life Insurance Company Limited ("Kotak Life") and Life Insurance Corporation (LIC) of India. Gratuity fund invested with Kotak Life were ₹ 94,552 thousand and LIC ₹ 124 thousand as on March 31, 2020.

Investment Pattern of Transferor Company's Gratuity Funds in Kotak Life:

Particulars	Invested as on March 31, 2020	
	Balanced Fund	Bond Fund
Equity	45%	—
Government Securities	18%	33%
Debentures/Bonds	26%	60%
Money Market Securities and Net Current Assets	12%	7%
Total	100%	100%

Balanced Fund constitutes 31% and Bond Fund constitutes 69% 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 2021-22, amounts to ₹ 58,688 thousand (Previous year ₹ 105,981 thousand).

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

20. RELATED PARTY DISCLOSURE

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

(a) 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 Asset Management Company Limited

HDFC Life Insurance Company Limited (upto November 12, 2020)

GRUH Finance Limited (upto August 30, 2019)

HDFC Sales Private Limited

HDFC Property Ventures Limited

HDFC Credila Financial Services Private Limited

HDFC Education and Development Services Private Limited

HDFC Capital Advisors Limited

HDFC Pension Management Company Limited (upto November 12, 2020)

Entities over which Holding Company has control

HDFC Investment Trust

HDFC Investment Trust II

H T Parekh Foundation

Investing Party and its group companies

ERGO International AG

Munich Re

Munich Health Holding AG

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. Harshita Agarwal, Daughter of Ritesh Kumar (MD & CEO)

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

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

Mr. Anuj Tyagi, Executive Director & Chief Business Officer

(For the period April 01, 2019 till January 8, 2020 and MD & CEO of the Transferor Company from March 1, 2020 to March 31, 2020)

Mr. Samir H. Shah, Executive Director & CFO

Mr. Sanjay H. Shah, Brother of Samir H. Shah (ED & CFO)

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

(b) Details of Transactions:

(₹ '000)

Particulars	Holding Company		Fellow Subsidiaries#		Investing Party and its group companies		Key Managerial Personnel (including relatives)	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
INCOME								
Interest, Dividend and Rent-Gross	458,387	393,385	—	6,330	—	—	—	—
Premium from direct business written - net of GST	113,130	146,072	73,830	76,485	—	(3)	210	226
Commission received on Reinsurance ceded	—	—	—	—	3,566,394	830,520	—	—
Claims on Reinsurance ceded	—	—	—	—	4,399,478	1,109,020	—	—
Other Income	258	269	—	—	28,443	37,439	—	—
Total	571,775	539,726	73,830	82,815	7,994,315	1,976,976	210	226
EXPENSES								
Rent, rates and taxes	65,407	66,702	—	—	—	—	—	—
Name Usage Fees	373,318	377,556	—	—	22,109	—	—	—
Electricity expenses	450	377	—	—	—	—	—	—
Claims paid direct	1,551	5	576	1,766	—	—	—	—
Commission paid	—	—	655,431	607,447	—	—	—	—
Employees' remuneration and welfare benefits	—	—	—	—	—	—	138,124	133,967
Premium on Reinsurance ceded	—	—	—	—	15,344,221	4,681,511	—	—
Interest on Debentures	—	—	—	—	162,800	132,312	—	—
Dividend	1,079,226	—	—	—	1,034,377	—	—	—
Insurance Premium Paid	—	—	—	—	—	—	—	—
Repairs (Office Maintenance)	11,940	1,582	—	—	—	—	—	—
Others	753	10	—	—	3,000	—	—	—
Total	1,532,644	446,232	656,006	609,213	16,566,507	4,813,823	138,124	133,967

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

(₹ '000)

Particulars	Holding Company		Fellow Subsidiaries#		Investing Party and its group companies		Key Managerial Personnel (including relatives)	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
ASSETS								
Transactions during the year								
Investment purchased during the year	—	200,000	500,305	1,207,525	—	—	—	—
Investment sold during the year	—	—	531,257	932,447	—	—	—	—
Account Balances:-								
Investments	6,638,154	5,295,620	—	—	—	—	—	—
Income accrued on investments	173,266	352,858	—	—	—	—	—	—
Other Receivable	—	26	—	—	5,698	9,759	—	—
LIABILITIES								
Account Balances:-								
Share Capital	3,597,419	3,058,417	—	—	3,447,923	2,922,023	—	—
Securities Premium	4,940,894	4,940,894	—	—	8,778,393	3,260,251	—	—
Debentures	—	—	—	—	2,100,000	2,100,000	—	—
Balance due to other insurance companies	—	—	—	—	8,315,049	3,014,006	—	—
Due to holding company	112,036	97,576	—	—	—	—	—	—
Interest Payable on Debentures	—	—	—	—	77,096	78,367	—	—
Unallocated premium	16,026	14,406	22,478	24,831	—	125	—	—
Agents' Balances	—	—	93,201	38,431	—	—	—	—

includes transaction with HDFC Investment Trust, HDFC Investment Trust II & H T Parekh Foundation (Entity over which control is exercised by the Holding Company)

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Transactions included in (b) above which are in excess of 10% of the total related transactions of the same type are given below for the Financial Year 2020-21:

(₹ '000)

Particulars	Munich Re	ERGO International AG	Munich Health Holding AG	HDFC AMC Ltd	HDFC Life (uptill Nov 12, 2020)	HDFC Sales Private Limited
INCOME						
Premium from direct business written -net of GST	—	—	—	15,529	4,421	44,498
Commission received on Reinsurance ceded	3,566,394	—	—	—	—	—
Claims on Reinsurance ceded	4,399,478	—	—	—	—	—
Other Income	—	28,443	—	—	—	—
Total	7,965,872	28,443	—	15,529	4,421	44,498
EXPENSES						
Name Usage Fees	—	22,109	—	—	—	—
Claims paid direct	—	—	—	—	566	10
Premium on Reinsurance ceded	15,344,221	—	—	—	—	—
Interest on Debentures	33,600	129,200	—	—	—	—
Dividend	—	880,412	153,965	—	—	—
Commission Paid	—	—	—	—	—	655,431
Deputation Fees Paid	—	—	—	—	—	—
Other expense	3,000	—	—	—	—	—
Total	15,380,821	1,031,721	153,965	—	566	655,440
ASSETS:						
Transactions during the year						
Investment purchased during the year	—	—	—	—	500,305	—
Investment sold during the year	—	—	—	—	531,257	—
Account Balances						
Other Receivable	—	5,698	—	—	—	—
Interest accrued on investments	—	—	—	—	—	—
LIABILITIES:						
Account Balances						
Share Capital	—	2,934,708	513,215	—	—	—
Securities Premium	—	3,260,251	5,518,142	—	—	—
Debentures	400,000	1,700,000	—	—	—	—
Balance due to other insurance companies	8,315,049	—	—	—	—	—
Interest Payable on Debentures	29,242	47,854	—	—	—	—
Unallocated Premium	—	—	—	21,240	697	332
Agent Balances	—	—	—	—	—	93,201

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Transactions included in (b) above which are in excess of 10% of the total related transactions of the same type are given below for the Financial Year 2020-21:

(₹ '000)

Particulars	Ritesh Kumar (Incl. Relatives)	Anuj Tyagi (Incl. Relatives)	Samir H. Shah (Incl. Relatives)
INCOME			
Premium from direct business written - net of GST	154	33	23
Total	154	33	23
EXPENSES			
Commission paid direct	—	—	—
Employees remuneration and welfare benefits	84,154	28,523	25,447
Total	84,154	28,523	25,447

Transactions included in (b) above which are in excess of 10% of the total related transactions of the same type are given below for the Financial Year 2019-20:

(₹ '000)

Particulars	Munich Re	ERGO International AG	HDFC AMC Ltd	HDFC Life	HDFC Sales Private Limited
INCOME					
Premium from direct business written - net of GST	(3)	—	14,544	9,328	47,108
Commission received on Reinsurance ceded	830,520	—	—	—	—
Claims on Reinsurance ceded	1,109,020	—	—	—	—
Other Income	—	37,439	—	—	—
Total	1,939,537	37,439	14,544	9,328	47,108
EXPENSES					
Claims paid direct	—	—	—	1,016	750
Premium on Reinsurance ceded	4,681,511	—	—	—	—
Interest on Debentures	2,846	129,466	—	—	—
Dividend	—	—	—	—	—
Commission Paid	—	—	—	—	607,447
Insurance Premium Paid	—	—	—	—	—
Total	4,684,357	129,466	—	1,016	608,197

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

(₹ '000)

Particulars	Munich Re	ERGO International AG	HDFC AMC Ltd	HDFC Life	HDFC Sales Private Limited
ASSETS:					
Transactions during the year					
Investment purchased during the year	—	—	656,840	550,685	—
Investment sold during the year	—	—	657,197	275,250	—
Account Balances					
Other Receivable	399	9,360	—	—	—
Interest accrued on Investments	—	—	—	—	—
LIABILITIES:					
Account Balances					
Share Capital	—	2,922,023	—	—	—
Securities Premium	—	3,260,251	—	—	—
Debentures	400,000	1,700,000	—	—	—
Balance due to other insurance companies	3,014,006	—	—	—	—
Interest Payable on Debentures	30,930	47,436	—	—	—
Unallocated Premium	125	—	18,291	263	4162
Agent Balances	—	—	—	—	38,431

Transactions included in (b) above which are in excess of 10% of the total related transactions of the same type are given below for the Financial Year 2019-20:

(₹ '000)

Particulars	Ritesh Kumar (Incl. Relatives)	Anuj Tyagi (Incl. Relatives)	Samir H. Shah (Incl. Relatives)
INCOME			
Premium from direct business written - net of GST	173	13	40
Total	173	13	40
EXPENSES			
Commission paid direct	—	—	—
Employees remuneration and welfare benefits	84,154	24,366	25,447
Total	84,154	24,366	25,447

21. LOAN RESTRUCTURING

The Company has not given any loans in the financial year 2020-21 (Previous year ₹ Nil)

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

22. SUMMARY OF FINANCIAL STATEMENTS

The summary of financial statements is provided in **Annexure 3**.

23. FOREIGN EXCHANGE GAIN/(LOSS) (NET)

- (a) During the year Foreign Exchange Loss (net) incurred by the Company is ₹ 5,747 thousand (Previous year Gain (net) earned of ₹ 3,163 thousand) (included in Schedule 4 - Operating Expenses, under the head “Miscellaneous Expenses”).
- (b) 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.

(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 ₹ 19,015 thousand (Previous year ₹ 18,178 thousand) on an accrual basis (see accounting policy in paragraph 2(u) above) and disclosed under Current Liabilities.

(c) CONTRIBUTIONS TO ENVIRONMENT RELIEF FUND

During the year, an amount of ₹ 2,773 thousand (Previous year ₹ 2,567 thousand) was collected towards Environment Relief Fund for public liability policies and an amount of ₹ 2,613 thousand (Previous year ₹ 2,707 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 amended. The balance amount of ₹ 192 thousand (Previous year ₹ 32 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, 2021	For the year ended March 31, 2020
1	Net Profit After Tax for the year (₹ ‘000)	5,916,510	3,269,418
2	Weighted Average No. of Equity Shares for Basic (₹ ‘000)	711,483	614,623
3	Weighted Average No. of Equity Shares for Diluted (₹ ‘000)	713,328	616,759
4	Basic Earnings per Share (₹)	8.32	5.32
5	Diluted Earnings per Share (₹)	8.29	5.30
6	Nominal Value per Share (₹)	10.00	10.00

There are 1,845 thousand (Previous year 2,136 thousand) dilutive potential equity shares outstanding during the year.

26. According to the information available with the Company, as on March 31, 2021, 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 amended.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

27. 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).

28. 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**.

29. 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 read with Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, the Company has undertaken the following CSR initiatives during the financial year 2020-21:

- “Adopt Village” program called “Gaon Mera” introduced to improve the sanitation, healthcare, education and livelihood of villagers in selected villages i.e. Jamkhar & Jabalapur in Madhya Pradesh; Dombaramattur & Haveri in Karnataka; Mithivavdi & Patan in Gujarat and Singachauri & Sitamarhi in Bihar.
- Besides the above, the other CSR related activities carried out by the Company include Cataract Surgeries children’s surgery for Congenital Heart Defect, supporting Professional Graduate Education of girls through Lila Poonawalla Foundation, Running Teleclininc centers in villages etc.
- In addition, specific COVID-19 related CSR activities were carried out which included Contribute to Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund’ (PM CARES Fund), distributing washable masks to Tribal children, Hygiene Kits distributed to Farmers, Ration Kits Distributed to underprivileged families, awareness drive in 12 States to prevent Covid19, supported Quarantine centers, provided Medical instrument and ambulances to Government Hospitals.

(₹ '000)

Sr. No.	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
1	Gross amount required to be spent by the Company during the year.	95,191	72,460
2	Amount approved by the Board to be spent during the year	95,191	72,460
3	Amount spent during the year on:		
	- Construction / acquisition of any asset	Nil	Nil
	- On purposes other than above	95,202	74,969
4	Amount paid to related Parties	Nil	Nil
5	Unspent amount as per Section 135 (5)	Nil	Nil
6	Excess amount Spent as per Section 135 (5)	Nil	Nil

7	Details of ongoing projects	For the year ended March 31, 2021
	Amount required to be spent during the year	9,269
	Amount spent during the year	9,269

30. PROVISION FOR FREE LOOK PERIOD

The provision for Free Look period is ₹ Nil (Previous year ₹ Nil), as certified by the Appointed Actuary.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

31. 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:

(₹ '000)

Name of the auditor	Services rendered	For the year ended March 31, 2021	For the year ended March 31, 2020
G. M. Kapadia & Co.	Review of quarterly financial information	1,500	1,416
	Agreed upon procedures and Certifications	2,539	896
	Issuance of comfort letters for Qualified Institutional Placement issue of HDFC Ltd*	2,500	—
B. K. Khare & Co.	Tax Audit	900	472
	Certifications	121	197
	Issuance of comfort letters for Qualified Institutional Placement issue of HDFC Ltd*	2,500	—

* This cost is reimbursed to the Company by HDFC Ltd and does not reflect as a charge to the Revenue / Profit & Loss Account.

32. 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 of India	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
2	Goods & 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)

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

Sr. No.	Authority	Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
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)

- 33.** The Company has Non-Convertible Debentures (NCDs) amounting ₹ 5,040,000 ('000s), details of which are as under:
- 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, issued for cash at par under NCD Series 2016-17/1 with a call option after 5 years ("NCD Series 2016-17/1")
 - 10 years, 800 nos. of 8.40% Unsecured, Subordinated, Fully paid up, Listed, Redeemable Non-Convertible Debentures (NCDs) having face value of ₹ 1,000 thousand each, issued for cash at par under NCD Series 2017-18/1 with a call option after 5 years ("NCD Series 2017-18/1")
 - 10 years, 740 nos. of 10.25% Unsecured, Subordinated, Fully paid up, Listed, Redeemable Non-Convertible Debentures (NCDs) having face value of ₹ 1,000 thousand each, issued for cash at par under NCD Series 2018-19/1 with a call option after 5 years ("NCD Series 2018-19/1")

Consequent to the issuance of the Companies (Share Capital and Debentures) Amendment Rules, 2019 ("Rules") on August 16, 2019 and in terms of Rule 18, sub-rule (7)(b)(iii)(B) of the said Rules, requirement of creation of Debenture Redemption Reserve (DRR) has been dispensed with. Hence, the Company has not created DRR from the date of issuance of the said Rules. During the previous year, the Company had created DRR of ₹ 24,300 thousand upto June 30, 2019.

- 34.** The IRDAI vide its Circular No. IRDA/F&A/CIR/MISC/099/04/2020 dated April 24, 2020 had restrained insurance companies from making dividend pay-outs from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that insurance companies must conserve capital in the interest of policyholders and economy at large, in an environment of heightened uncertainty caused by Covid-19. The Authority has withdrawn the said circular vide its Circular no. IRDA/F&A/CIR/MISC/032/02/2021 dated February 25, 2021. Accordingly, the Board of Directors, in its meeting held on March 03, 2021, has approved the payment of an interim dividend of ₹ 3 per equity share of ₹ 10 each (Previous Year Nil) and accordingly an amount of ₹ 2,134,695 thousand (Previous Year Nil) was paid to the shareholders.
- 35.** In light of the Covid-19 outbreak and the information available upto the date of approval of these financial statements, the Company has assessed the impact of Covid-19 on its operations and its financial statements. The assessment includes but is not limited to valuation of investments, valuation of policy-related liabilities and solvency position of the Company as at March 31, 2021. Further, there have been no material changes in the controls or processes followed in the financial closing process of the Company. The Company continues to closely monitor the implications of the second-wave of Covid-19 on its operations and financial statements, which are dependent on emerging uncertain developments.
- 36.** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020 and has been published in the Gazette of India. The Ministry of Labour and Employment has released draft rules ('Rules') for the Code on November 13, 2020, the

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

final Rules and the Effective Date of the Code is awaited. The Company will assess the impact of the Code once the Rules are notified and will record any related impact in the period when the Code becomes effective.

37. Previous year figures have been regrouped in respect of the following items for better presentation, understanding and comparability with those of the current year.

(₹ in '000)

Description	Regrouped from	Regrouped to	Amount
Audit & other certification fees paid to Statutory Auditors of erstwhile HDFC ERGO Health Insurance Limited.	Schedule 4 - Operating Expenses Related to Insurance Business : Auditors' fees, expenses etc. (a) as auditors (c) in any other capacity	Schedule 4 - Operating Expenses Related to Insurance Business : Legal and Professional charges	1,433

Signature to the Notes to Accounts

For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

Samir H. Shah
Executive Director & CFO
(DIN: 08114828)

Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)

Anuj Tyagi
Executive Director & Chief Business Officer
(DIN: 07505313)

Dayananda V. Shetty
Company Secretary and
Chief Compliance Officer
(Membership No.: FCS 4638)

Mumbai,
Dated: April 20, 2021

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

Annexure 1

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

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	2,048,173	417,160	58,585,552	—	61,050,885
(Refer note 2(h))	(1,079,659)	(488,844)	(45,993,376)	—	(47,561,879)
Reserve for Unexpired Risk	3,792,685	324,637	39,136,342	—	43,253,664
	(2,970,513)	(193,383)	(39,102,716)	—	(42,266,612)

(Previous year's figures are in brackets)

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2021
Annexure 1

	(₹ '000)													Total					
	File	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty*	Weather/ Crop	Others	
Premium Earned (Net) (Schedule - A)	2,401,067	796,804	761	24,075,424	12,589,909	11,485,515	159,349	10,582	1,664	285,648	614,271	(1,292)	4,537,030	25,038,047	21,521	577,491	4,615,048	864,412	64,055,805
Profit on Sale of Investments	52,015	7,392	97	557,317	98,133	459,184	3,018	175	117	3,836	7,881	920	89,674	229,624	1,393	6,132	45,619	15,687	1,020,908
Interest, Rent and Dividend (Net of Amortisation)	434,056	61,685	807	4,650,710	818,902	3,831,808	25,185	1,460	978	32,009	65,767	7,681	748,309	1,916,172	11,623	51,173	380,683	130,991	85,192,288
Investment Income from Pool	44,675	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,675
Other Income	2,738	923	1	27,891	14,585	13,306	185	12	2	331	703	-	5,326	29,004	25	669	5,346	1,001	74,157
Total Segmental Revenue	2,934,560	866,803	1,666	29,311,342	13,921,529	15,789,813	187,736	12,209	2,762	321,824	688,622	7,309	5,440,338	27,210,847	34,562	635,466	5,046,697	1,012,101	73,714,833
Claims Incurred (Net) (Schedule - B)	1,795,590	718,148	573	16,856,415	8,860,693	7,995,722	101,352	3,415	3,704	176,380	662,440	14,648	2,134,835	21,364,731	27,366	256,512	3,581,513	822,872	48,520,485
Commission (Net) (Schedule - C)	(641,069)	115,795	(7,255)	691,985	2,216,107	(1,634,122)	18,835	(858)	(541)	(5,002)	(188,792)	(4,787)	(182,159)	(282,420)	27,026	(65,987)	(1,525,580)	47,464	(1,983,345)
Operating Expenses Related to Insurance Business (Schedule - D)	2,034,744	213,103	35,292	5,395,642	2,384,204	3,012,439	26,257	4,786	1,550	131,111	289,957	19,088	856,900	5,927,643	35,705	361,411	4,237,756	298,986	19,868,933
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenditure	3,189,295	1,047,046	28,610	22,945,043	13,571,004	9,374,039	146,444	7,344	4,713	302,490	783,605	28,949	2,809,576	27,009,954	90,098	551,935	6,293,689	1,167,322	66,406,072
Segmental Profit/(Loss)	(254,705)	(180,243)	(26,944)	6,366,300	(49,475)	6,415,774	41,292	4,885	(1,951)	19,334	(94,982)	(21,639)	263,0761	200,892	(55,536)	83,531	(1,246,992)	(155,220)	7,308,761

* Includes - 1. Directors' and officers' liability
2. Mutual Fund assets protection

SCHEDULE - A to Annexure 1

	(₹ '000)													Total					
	File	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	
Premium Earned (NET)	11,751,194	1,265,089	222,770	34,064,556	15,049,515	19,015,041	165,741	29,448	9,783	813,992	1,748,058	121,934	5,399,683	37,416,320	225,378	2,113,322	25,729,721	1,873,038	122,951,028
Add: Premium on Re-insurance accepted	1,129,335	79,055	-	-	-	-	-	764	-	13,602	88,228	(1,446)	9,219	-	-	167,964	-	1,587	1,488,310
Less: Premium on Re-insurance ceded	(9,657,291)	(416,935)	(222,161)	(9,369,327)	(7,777,013)	(8,592,314)	(18,565)	(22,846)	(8,580)	(851,312)	(1,321,028)	(121,820)	(1,580,701)	(12,520,098)	(36,056)	(1,704,412)	(21,073,990)	(741,358)	(59,396,481)
Net Premium	3,223,239	928,209	609	24,695,229	14,272,502	10,422,727	147,176	7,366	1,202	246,282	515,258	(1,331)	3,828,201	24,896,222	189,322	576,875	4,655,731	1,133,267	65,042,857
Add/(Less): Adjustment for changes in reserve for unexpired risks	(822,172)	(131,406)	153	(619,805)	(1,662,593)	1,062,788	12,172	3,196	462	39,366	99,013	39	768,629	139,625	(167,501)	616	(40,683)	(288,855)	(967,652)
Total Premium Earned	2,401,067	796,804	761	24,075,424	12,589,909	11,485,515	159,349	10,562	1,664	285,648	614,271	(1,292)	4,597,030	25,038,047	21,521	577,491	4,615,048	864,412	64,055,805

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2021 (Continued)
SCHEDULE - B to Annexure 1

	(₹ '000)																			
	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Workmens Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total	
CLAIMS INCURRED (NET)																				
Claims paid direct	3,524,891	1,607,891	35,109	12,391,563	9,589,399	2,802,165	59,286	3,384	-	202,994	811,040	51,289	1,545,667	24,429,451	12,529	179,189	15,641,743	1,263,962	61,959,870	
Add: Claims on Reinsurance accepted	232,618	87,240	-	-	-	-	-	-	-	914	26,540	15,769	-	27	-	-	-	-	363,108	
Less: Re-insurance ceded	(29,304,444)	(1,104,887)	(34,890)	(3,626,033)	(1,244,637)	(2,381,396)	(3,002)	(186)	-	(190,103)	(375,494)	(51,193)	(415,977)	(5,462,399)	(672)	(113,699)	(12,341,867)	(650,850)	(27,291,496)	
Net Claims paid	827,065	790,183	219	8,765,531	8,344,762	420,768	56,284	3,199	-	13,746	462,086	15,865	1,129,690	18,977,079	11,857	66,490	3,300,076	613,112	35,031,481	
Add: Claims Outstanding at the end of the year	2,048,174	408,478	8,684	43,253,033	2,452,449	40,800,584	234,886	11,244	12,317	311,521	606,722	86,863	2,272,400	6,423,038	30,447	387,622	4,268,080	687,376	61,050,884	
Less: Claims Outstanding at the beginning of the year	(1,079,659)	(480,513)	(8,331)	(35,162,149)	(1,936,519)	(33,225,630)	(189,817)	(11,027)	(8,612)	(148,886)	(406,368)	(88,080)	(1,267,255)	(4,035,386)	(14,936)	(196,600)	(3,986,643)	(477,617)	(47,561,678)	
Total Claims Incurred	1,795,600	718,148	573	16,856,415	8,860,693	7,995,722	101,352	3,415	3,704	176,380	662,440	14,648	2,134,835	21,364,731	27,366	256,512	3,381,513	822,872	48,520,487	

SCHEDULE - C to Annexure 1

	(₹ '000)																			
	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Workmens Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total	
COMMISSION PAID (NET)																				
Commission paid direct	1,094,947	140,310	6	2,924,009	2,644,185	279,824	22,354	2,111	1,231	96,373	123,150	3,343	685,734	4,734,279	29,204	240,736	49,890	345,202	10,292,878	
Add: Commission paid on Re-insurance accepted	75,138	4,411	-	-	-	-	-	134	-	2,955	5,125	(72)	3,537	-	-	28,076	-	16	119,320	
Less: Commission received on Re-insurance ceded	(4,811,154)	(30,926)	(7,261)	(2,232,023)	(318,077)	(1,813,946)	(3,520)	(3,102)	(1,172)	(104,330)	(297,867)	(8,058)	(871,429)	(5,016,698)	(12,178)	(334,800)	(1,575,470)	(95,755)	(12,395,542)	
Net commission paid/(received)	(641,069)	115,795	(7,255)	691,985	2,326,107	(1,634,122)	18,835	(858)	(641)	(6,002)	(168,792)	(4,787)	(182,691)	(282,420)	27,026	(65,987)	(1,525,580)	47,464	(1,963,344)	

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2021 (Continued)
SCHEDULE - D to Annexure 1

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/Corp	Others	Total
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS																			
Employees' remuneration and welfare benefits	547,541	57,345	9,497	1,452,214	641,579	810,634	7,066	1,288	417	35,281	78,026	5,137	230,568	1,595,103	9,608	97,254	1,096,889	79,918	5,303,172
Travel, conveyance and vehicle running expenses	12,775	1,338	222	33,883	34,969	18,914	165	30	10	823	1,820	120	5,380	37,217	224	2,269	25,592	1,865	123,733
Training expenses	49,274	5,161	855	130,686	57,736	72,950	636	116	38	3,175	7,022	462	20,751	143,545	865	8,752	98,710	7,192	477,239
Rents, rates and taxes	59,138	6,194	1,026	156,848	69,294	87,553	763	139	45	3,811	8,427	555	24,905	172,281	1,038	10,504	118,471	8,632	572,774
Repairs	21,213	2,222	368	56,263	24,857	34,407	274	50	16	1,367	3,023	199	8,934	61,799	372	3,768	42,497	3,096	205,461
Printing and stationery	11,491	1,203	199	30,476	13,464	17,012	148	27	9	740	1,637	108	4,839	33,475	202	2,041	23,019	1,677	111,292
Communication	8,129	851	141	21,559	9,525	12,034	105	19	6	524	1,158	76	3,423	23,680	143	1,444	16,284	1,186	78,729
Legal and professional charges	474,026	49,646	8,222	1,257,233	555,438	701,795	6,117	1,115	361	30,544	67,550	4,447	199,628	1,390,938	8,318	84,196	949,616	69,187	4,591,146
Auditors' fees, expenses etc																			
(a) as auditors	671	70	12	1,780	786	994	9	2	1	43	96	6	283	1,955	12	119	1,344	98	6,500
(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	522	55	9	1,385	612	773	7	1	-	34	74	5	220	1,522	9	93	1,046	76	5,059
Advertisement and publicity	635,286	66,535	11,019	1,684,935	744,394	940,541	8,198	1,494	484	40,935	90,530	5,960	267,541	1,850,724	11,148	112,839	1,272,669	92,725	6,153,022
Interest and bank charges	31,443	3,293	545	83,394	36,843	46,551	406	74	24	2,026	4,481	295	13,242	91,600	552	5,585	224,540	4,589	466,089
Others:																			
Electricity expenses	8,005	838	139	21,231	9,380	11,851	103	19	6	516	1,141	75	3,371	23,320	140	1,422	16,036	1,168	77,532
Office expenses	3,992	418	69	10,588	4,678	5,911	52	9	3	257	569	37	1,881	11,630	70	709	7,998	583	38,667
Miscellaneous expenses	8,483	888	147	22,499	9,940	12,559	109	20	6	547	1,209	80	3,572	24,713	149	1,507	16,994	1,238	82,161
Information Technology expenses	91,479	9,581	1,587	24,625	107,190	135,435	1,180	215	70	5,895	13,036	858	38,525	266,498	1,605	16,249	183,260	13,352	886,016
Postage and courier	2,725	285	47	7,227	3,193	4,034	35	6	2	176	388	26	1,148	7,938	48	484	5,459	398	26,391
Loss/(Profit) on sale of assets (net)	9,305	975	161	24,680	10,903	13,776	120	22	7	600	1,326	87	3,919	27,108	163	1,653	18,644	1,358	90,125
Depreciation	59,246	6,205	1,028	157,136	69,422	87,714	765	139	45	3,818	8,443	556	24,951	172,597	1,040	10,523	118,688	8,647	573,827
Total Operating Expenses	2,034,744	215,103	35,292	5,936,642	2,384,204	3,012,439	26,257	4,786	1,550	131,111	289,957	19,088	866,900	5,927,643	35,705	361,411	4,237,756	296,986	19,868,933

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2020

Annexure 1

(₹ '000)

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty *	Weather/ Cop	Others	Total
Premium Earned (Net) (Schedule - A)	1,459,430	719,855	1,396	24,218,975	12,896,411	11,522,554	180,985	17,302	3,881	334,385	510,171	3,327	4,201,836	7,693,565	17,289	553,841	3,783,100	804,177	44,503,515
Profit on Sale of Investments	29,659	5,767	65	379,827	68,797	311,030	2,013	141	79	2,470	4,355	989	65,915	115,019	344	3,677	28,948	8,727	647,996
Interest, Rent and Dividend (Net of Amortisation)	305,323	59,365	669	3,910,042	708,214	3,201,828	20,723	1,449	818	25,431	44,832	10,185	678,545	1,184,038	3,546	37,849	298,001	89,841	6,670,657
Investment Income from Pool	30,188	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,188
Other Income	1,487	750	1	25,238	13,231	12,008	189	18	4	348	524	-	4,379	10,163	18	577	3,942	838	48,477
Total Segmental Revenue	1,826,087	785,738	2,131	28,534,082	13,466,653	15,047,430	203,909	18,911	4,783	362,635	559,882	14,502	4,950,674	9,002,786	21,198	595,944	4,113,992	903,583	51,900,833
Claims Incurred (Net) (Schedule - B)	1,021,394	586,969	3,530	19,183,282	10,380,603	8,802,679	172,947	2,835	814	164,347	710,273	(24,053)	1,866,261	7,280,825	13,096	114,388	3,273,563	871,774	35,241,188
Commission (Net) (Schedule - C)	(292,127)	96,668	(1,350)	1,066,682	2,161,410	(1,094,727)	23,520	2,293	638	38,050	(136,297)	(5,422)	(335,145)	(1,509,231)	741	39,057	(1,091,386)	(15,732)	(2,119,040)
Operating Expenses Related to Insurance Business (Schedule - D)	1,605,038	258,829	34,717	5,034,782	2,367,567	2,740,926	30,305	5,956	709	128,033	300,276	19,164	994,019	2,417,165	1,769	255,205	3,438,141	287,639	14,809,749
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenditure	2,334,304	944,466	36,897	25,284,746	14,909,590	10,448,878	226,772	11,085	2,161	330,430	874,253	(10,310)	2,525,135	8,188,799	15,547	408,651	5,618,318	1,143,651	47,931,897
Segmental Profit/(Loss)	(508,217)	(155,728)	(34,766)	3,249,336	(1,422,937)	4,598,552	(22,863)	7,826	2,621	32,205	(314,371)	24,812	2,425,539	804,027	5,651	187,293	(1,504,326)	(240,098)	3,968,937

*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	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Cop	Others	Total
PREMIUM EARNED (NET)																			
Premium from direct business written-net of GST	9,794,450	1,613,803	230,254	33,880,743	15,702,268	18,178,476	200,988	36,112	3,994	807,010	1,910,877	127,101	6,578,534	16,031,212	11,731	1,530,512	21,631,396	1,907,156	96,295,874
Add: Premium on Re-insurance accepted	891,437	102,814	-	-	-	-	-	3,359	708	42,137	87,961	-	14,038	-	-	162,071	-	535	1,305,091
Less: Premium on Re-insurance ceded	(8,419,867)	(995,423)	(229,493)	(8,870,203)	(3,194,070)	(5,676,132)	(13,647)	(22,181)	(1,445)	(505,180)	(1,348,224)	(124,003)	(2,196,287)	(6,440,766)	(3,444)	(1,060,868)	(17,829,996)	(864,501)	(46,932,306)
Net Premium	2,266,220	718,194	761	25,010,541	12,508,198	12,502,343	187,341	17,320	3,257	339,988	650,615	3,098	4,396,285	9,590,447	8,287	631,715	3,901,400	1,043,190	48,688,660
Add/(Less)-Adjustment for changes in reserve for unexpired risks	(806,790)	1,661	634	(791,566)	188,213	(979,779)	(6,356)	(17)	624	(5,603)	(140,444)	229	(194,452)	(1,896,880)	9,003	(77,874)	(18,300)	(239,015)	(4,165,145)
Total Premium Earned	1,459,430	719,855	1,396	24,218,975	12,896,411	11,522,554	180,985	17,302	3,881	334,385	510,171	3,327	4,201,836	7,693,565	17,289	553,841	3,783,100	804,177	44,503,515

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2020 (Continued)
SCHEDULE - B to Annexure 1

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/Crop	Others	Total	
CLAIMS INCURRED (NET)																				
Claims paid direct	3,458,660	1,195,616	42,410	16,052,917	13,026,967	3,026,010	122,377	36	-	273,052	887,857	132,705	1,977,247	9,043,611	4,538	562,538	8,579,875	992,979	43,276,477	
Add: Claims on Re-insurance accepted	234,851	95,902	-	-	-	-	-	-	-	34,267	13,322	27,785	6	3,967	-	-	-	-	401,130	
Less: Re-insurance ceded	(2,924,805)	(684,474)	(42,276)	(3,177,764)	(2,964,974)	(212,790)	(6,198)	(2)	-	(157,058)	(413,927)	(126,177)	(581,888)	(2,145,852)	(278)	(473,153)	(6,768,645)	(316,748)	(17,619,245)	
Net Claims paid	768,736	607,044	133	12,875,213	10,061,993	2,813,219	116,179	35	-	150,261	487,252	34,313	1,395,365	6,901,727	4,260	89,385	1,811,230	676,230	25,867,362	
Add: Claims Outstanding at the end of the year	1,079,659	480,513	8,331	35,162,149	1,935,519	33,225,630	189,817	11,027	8,612	148,886	4,063,688	88,080	1,267,255	4,035,386	14,936	196,600	3,986,643	477,617	47,561,878	
Less: Claims Outstanding on account of Merger as on March 1, 2020	-	-	-	-	-	-	-	-	-	-	-	-	(116,339)	(2,484,875)	-	-	-	-	(2,601,214)	
Less: Claims Outstanding at the beginning of the year	(827,002)	(501,588)	(4,934)	(28,854,080)	(1,817,909)	(27,236,171)	(133,048)	(8,226)	(7,797)	(134,800)	(183,347)	(146,445)	(630,020)	(1,171,413)	(6,159)	(171,597)	(2,524,310)	(282,073)	(35,586,839)	
Total Claims Incurred	1,021,394	585,969	3,530	19,183,282	10,380,603	8,802,679	172,947	2,835	814	164,347	710,273	(24,063)	1,866,261	7,280,825	13,036	114,388	3,273,563	871,774	35,241,188	

SCHEDULE - C to Annexure 1

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	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	860,376	180,992	1,845	3,048,423	2,800,957	247,466	25,999	2,593	600	84,187	119,063	4,602	821,333	2,056,685	1,054	164,247	37,427	107,501	7,517,128	
Add: Commission paid on Re-insurance accepted	47,297	4,652	-	-	-	-	-	733	124	8,595	6,018	-	767	-	-	28,208	-	5	96,398	
Less: Commission received on Re-insurance ceded	(1,199,799)	(88,975)	(3,196)	(1,961,739)	(639,546)	(1,342,183)	(2,479)	(10,32)	(86)	(54,733)	(261,378)	(10,024)	(1,117,245)	(3,566,116)	(313)	(153,388)	(1,128,813)	(123,239)	(9,732,566)	
Net commission paid/(received)	(292,127)	96,668	(1,350)	1,066,682	2,161,410	(1,094,727)	23,520	2,263	638	318,050	(1,36,297)	(6,422)	(335,145)	(1,509,231)	741	39,057	(1,091,386)	(15,732)	(2,119,040)	

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE PERIOD ENDED MARCH 31, 2020 (Continued)
SCHEDULE - D to Annexure 1

	File	Marine Cargo	Marine Hull	Motor	MotorOD	MotorTP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/Crop	Others	Total	
																				(₹ '000)
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS																				
Employees remuneration and welfare benefits	453,841	73,203	9,819	1,444,797	689,601	775,196	8,571	1,684	200	36,211	84,925	5,420	281,131	683,629	500	72,178	922,441	81,351	4,160,002	
Travel, conveyance and vehicle running expenses	33,135	5,343	717	10,546	48,877	56,585	626	123	15	2,643	6,199	396	20,621	49,901	37	5,269	67,333	5,938	303,655	
Training expenses	80,933	13,061	1,751	257,593	119,383	138,210	1,528	300	36	6,456	15,141	986	50,123	121,884	89	12,869	164,462	14,504	741,888	
Rents, rates and taxes	43,018	6,937	930	136,917	63,455	73,462	812	160	19	3,432	8,048	514	26,642	64,785	47	6,840	87,416	7,709	394,226	
Repairs	15,654	2,524	339	49,824	23,091	26,732	296	58	7	1,249	2,929	187	9,895	23,575	17	2,489	31,910	2,805	143,457	
Printing and stationery	18,773	3,027	406	59,750	27,691	32,038	354	70	8	1,497	3,512	224	11,626	28,271	21	2,985	38,148	3,364	172,037	
Communication	6,352	1,024	137	20,216	9,369	10,847	120	24	3	507	1,188	76	3,934	9,566	7	1,010	12,907	1,138	58,209	
Legal and professional charges	327,475	52,809	7,083	968,460	482,993	559,178	6,182	1,215	145	26,119	61,257	3,910	202,774	493,361	363	52,070	665,426	56,680	2,927,330	
Auditors' fees, expenses etc																				
(a) as auditors	1,055	170	23	3,342	1,547	1,794	20	4	-	84	196	13	648	1,618	2	168	2,140	188	9,670	
(b) as advisor or in any other capacity in respect of:																				
(i) Traction matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c) in any other capacity	325	52	7	1,163	549	615	7	1	-	29	71	4	242	272	(2)	51	691	66	2,961	
Advertisement and publicity	4,667,19	75,263	10,095	1,485,467	688,450	797,017	8,812	1,732	206	37,230	87,316	5,573	289,045	702,872	514	74,210	948,407	83,641	4,277,101	
Interest and bank charges	28,978	4,673	627	92,229	42,744	49,485	547	108	13	2,312	5,421	346	17,946	43,640	32	4,608	233,473	5,193	440,144	
Others																				
Electricity expenses	8,973	1,447	194	28,560	13,236	15,324	169	33	4	716	1,679	107	5,557	13,514	10	1,427	18,234	1,608	82,232	
Office expenses	4,219	680	91	13,429	6,224	7,205	80	16	2	337	789	50	2,613	6,354	5	671	8,574	756	38,667	
Miscellaneous expenses	10,821	1,745	234	34,441	15,962	18,479	204	40	5	863	2,024	129	6,702	16,296	12	1,721	21,989	1,939	99,167	
Information Technology expenses	44,023	7,099	952	140,116	64,938	75,178	831	163	19	3,512	8,236	526	27,264	66,298	49	7,000	89,458	7,899	403,436	
Postage and courier	16,113	2,598	349	51,285	23,768	27,516	304	60	7	1,285	3,015	192	9,979	24,266	18	2,562	32,743	2,888	147,664	
Loss/(Profit) on sale of assets (net)	(112)	(18)	(2)	(357)	(166)	(192)	(2)	-	-	(9)	(21)	(1)	(70)	(169)	-	(18)	(228)	(20)	(1,028)	
Depreciation	44,643	7,199	966	142,088	65,852	76,236	843	166	20	3,561	8,352	533	27,648	67,231	49	7,098	90,717	8,000	409,113	
Total Operating Expenses	14,605,038	2,558,629	34,717	5,034,782	2,367,967	2,740,926	30,905	5,956	709	128,033	300,276	19,164	994,019	2,417,165	1,769	255,205	3,436,141	287,639	14,809,749	

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Annexure 2
Ratios for Non-Life Companies

Sr. No.	Performance Ratio	As on 31st March 2021				As on 31st March 2020			
		Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
1	Gross premium growth rate (refer note 1a and 1b)	19.98%	-19.26%	29.59%	27.68%	36.10%	2.37%	9.76%	11.80%
	Gross Premium for Current period / Gross Premium for Previous period								
2	Gross Premium to shareholders' fund ratio	NA	NA	NA	4.20	NA	NA	NA	3.79
	Gross Premium for Current period / (Paid up Capital plus Free Reserves)								
3	Growth rate of shareholders' funds	NA	NA	NA	15.10%	NA	NA	NA	28.27%
	Shareholders' funds as at the current balance sheet date / Shareholders' funds at the previous balance sheet date								
4	Net retention ratio (refer note 1a and 1b)	25.02%	59.24%	55.36%	52.27%	21.21%	36.93%	53.77%	49.86%
	Net Premium / Gross Premium								
5	Net commission ratio (refer note 1a and 1b)	-19.89%	11.69%	-2.38%	-3.05%	-12.89%	13.26%	-4.21%	-4.35%
	Net Commission / Net Premium								
6	Expenses of Management to gross direct Premium ratio	26.63%	26.24%	24.28%	24.53%	25.17%	25.83%	22.90%	23.19%
	Operating Expenses + Gross Commission/ Gross Premium								
7	Expenses of Management to Net written Premium ratio	97.10%	42.07%	43.75%	46.37%	108.79%	66.26%	42.43%	45.88%
	Operating Expenses + Gross Commission/ Net Premium								
8	Net Incurred Claims to Net Earned Premium	74.78%	90.11%	75.60%	75.75%	69.99%	81.73%	79.46%	79.19%
	Net incurred Claim / Net earned premium								
9	Combined ratio	118.02%	128.54%	102.10%	103.25%	127.92%	135.82%	103.52%	105.26%
	Net incurred Claim, Net Commission plus Operating Expense / Net Premium + Net earned premium								
10	Technical reserves to net Premium ratio	1.81	0.80	1.60	1.60	1.79	0.95	1.86	1.85
	Reserve for Unexpired Risks plus Deficiency Reserve plus Reserve for Outstanding Claims / Net Premium								
11	Underwriting balance ratio	-0.33	-0.35	-0.02	-0.04	-0.60	-0.36	-0.05	-0.08
	Underwriting Profit / Net Premium								
12	Operating profit ratio	-10.61%	-25.98%	12.77%	11.41%	-34.82%	-26.41%	11.03%	8.92%
	Underwriting Profit plus Investment Income / Net Premium								
13	Liquid assets to liabilities ratio	NA	NA	NA	0.33	NA	NA	NA	0.31
	Liquid Assets of the Insurer / Policyholders' Liabilities								
14	Net earnings ratio	NA	NA	NA	9.10%	NA	NA	NA	6.72%
	Profit after Tax / Net Premium								
15	Return on net worth	NA	NA	NA	20.21%	NA	NA	NA	12.86%
	Profit After Tax / Net Worth								
16	Available Solvency Margin (ASM) to Required Solvency Margin (RSM)	NA	NA	NA	1.90	NA	NA	NA	1.78
	ASM / RSM								
17	Gross NPA ratio*	NA	NA	NA	1.62%	NA	NA	NA	2.01%
	Gross NPA / Gross Investment								
	Net NPA ratio*	NA	NA	NA	0.03%	NA	NA	NA	0.32%
	Net NPA / Net Investment								

*Pertains to Non - Performing Investments

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

Annexure 2
Ratios for Non-Life Companies (Continued)

Notes:

1.a. Miscellaneous Breakup for the year ended March 31, 2021

Sr. No.	Particulars	Miscellaneous													Total Miscellaneous		
		Motor			Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others				Total Miscellaneous	
		Motor-OD	Motor-TP	Motor Total								Other Liability	Home	Specialty			Weather/ Crop
1	Gross premium growth rate Gross Premium for Current period / Gross Premium for Previous period	4.16%	4.60%	0.54%	-17.54%	-18.45%	144.96%	-8.52%	4.07%	-17.92%	133.40%	0.87%	1821.17%	38.08%	18.95%	-1.79%	29.59%
2	Net retention ratio Net Premium / Gross Premium	94.84%	54.81%	72.50%	88.80%	24.38%	1.229%	28.06%	-1.11%	70.78%	66.54%	29.76%	84.00%	25.29%	18.09%	60.45%	55.36%
3	Net commission ratio Net Commission / Net Premium	16.30%	-15.68%	2.80%	12.80%	-11.64%	-44.98%	-32.76%	359.53%	-4.76%	-1.13%	2.03%	14.28%	-11.44%	-32.77%	4.19%	-2.38%

1.b. Miscellaneous Breakup for the year ended March 31, 2020

Sr. No.	Particulars	Miscellaneous													Total Miscellaneous		
		Motor			Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others				Total Miscellaneous	
		Motor-OD	Motor-TP	Motor Total								Other Liability	Home	Specialty			Weather/ Crop
1	Gross premium growth rate Gross Premium for Current period / Gross Premium for Previous period	3.97%	27.58%	10.72%	3.97%	1.03%	-60.44%	28.16%	-54.66%	-5.27%	25.37%	-2.74%	-53.13%	21.34%	3.04%	13.63%	9.76%
2	Net retention ratio Net Premium / Gross Premium	79.66%	68.78%	73.82%	93.21%	43.85%	69.27%	32.55%	2.44%	66.68%	59.82%	40.04%	70.64%	37.32%	17.57%	54.68%	53.77%
3	Net commission ratio Net Commission / Net Premium	17.28%	-8.76%	4.26%	12.55%	13.24%	19.60%	-20.95%	-175.01%	-7.62%	-15.74%	11.19%	8.95%	6.18%	-26.71%	-1.51%	-4.21%

2. Gross Premium represents Gross Direct Premium
3. Net Premium represents Gross Direct Premium including Premium accepted on reinsurance less reinsurance ceded
4. Underwriting Profit represents Segmental Profit / (Loss) excluding Investment Income
5. 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	2020-21 (₹ '000)	2019-20 (₹ '000)	2018-19 (₹ '000)	2017-18 (₹ '000)	2016-17 (₹ '000)
	OPERATING RESULTS					
1	Gross Written Premium	124,439,338	97,600,965	87,218,003	74,011,117	22,524,054
2	Net Premium Income	65,042,858	48,668,660	43,727,874	34,554,756	9,991,352
3	Income from Investments (net)	9,540,196	7,318,655	5,613,146	4,814,513	1,732,409
4	Other Income (includes provision written back)	118,832	78,665	104,959	79,176	21,305
5	Total Income	74,701,886	56,065,980	49,445,980	39,448,445	11,745,066
6	Commission (net)	(1,983,344)	(2,119,040)	(1,525,955)	(2,684,241)	(1,524,143)
7	Operating Expenses	19,868,937	14,809,749	11,313,294	10,544,703	4,651,511
8	Premium Deficiency	—	—	—	—	—
9	Net Incurred Claims	48,520,486	35,241,187	29,091,815	22,266,806	7,697,974
10	Change in Unexpired Risk Reserve	987,052	4,165,145	5,627,767	4,609,759	100,332
11	Operating Profit / (Loss)	7,308,755	3,968,939	4,939,059	4,711,418	819,392
	NON-OPERATING RESULTS					
12	Total Income under shareholder's account	608,935	620,710	(266,762)	421,263	394,632
13	Profit / (Loss) before tax	7,917,692	4,589,649	4,672,297	5,132,681	1,214,024
14	Provision for tax	2,001,182	1,320,231	842,419	1,095,624	(30,070)
15	Profit / (Loss) after tax	5,916,510	3,269,418	3,829,877	4,037,057	1,244,094
	MISCELLANEOUS					
16	Policyholders' Account :					
	Total Funds	136,900,703	115,988,644	72,068,296	63,433,015	51,092,887
	Total Investments	136,900,703	115,988,644	72,068,296	63,433,015	51,092,887
	Yield on Investments	7.3%	8.1%	8.2%	8.2%	6.2%
17	Shareholders' Account :					
	Total Funds	29,268,562	25,429,010	19,823,885	17,611,118	14,848,389
	Total Investments	29,528,835	19,780,184	18,971,760	18,154,614	18,230,354
	Yield on Investments	7.3%	8.1%	8.2%	8.2%	6.2%
18	Paid up equity capital	7,115,649	6,058,421	6,054,221	6,050,718	6,004,659
19	Net worth	29,268,562	25,429,010	19,823,885	17,611,118	14,848,389
20	Total Assets	29,268,562	25,429,010	19,823,885	17,611,118	14,848,389
21	Yield on Total Investments	7.3%	8.1%	8.2%	8.2%	6.2%
22	Earnings per Share (Basic) (₹)	8.32	5.32	6.33	6.70	2.07
23	Book Value per Share (₹)	41.13	41.97	32.74	29.11	24.73
24	Total Dividend	2,134,695	—	1,362,200	1,210,144	—
25	Dividend per Share (₹)	3.00	—	2.25	2.00	—

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							
		0-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	37-120 months	More than 120 months
Claims settled but not paid to the policyholders/insured's 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	9,109 (5,910)	— (—)	2,167 (2,525)	1,494 (564)	1,545 (15)	512 (184)	563 (138)	2,701 (2,467)	128 (17)
Cheques issued but not encashed by the policyholder/insured (refer note below)	83,357	—	7,043	5,771	3,377	3,309	3,078	59,151	1,628
- Premium	(74,936)	(—)	(6,543)	(2,412)	(2,179)	(3,473)	(4,192)	(55,452)	(684)
- Claims - MACT	169,781 (91,899)	— (—)	18,056 (11,556)	64,298 (20,609)	11,597 (7,589)	16,393 (11,414)	6,408 (9,294)	52,345 (31,074)	683 (364)
- Claims - Non MACT	101,536 (98,503)	— (—)	13,713 (12,357)	5,896 (1,551)	8,763 (991)	2,049 (2,256)	720 (15,506)	63,081 (62,081)	7,315 (3,746)
TOTAL	363,783 (271,248)	— (—)	40,979 (32,981)	77,458 (25,136)	25,281 (10,775)	22,264 (17,327)	10,769 (29,130)	177,278 (151,074)	9,754 (4,826)

(Previous year's figures are in brackets)

Note: The Policyholder due includes amount of ₹ 54,921 thousand (Previous year ₹ 2,280 thousand) pertains to cheques reissued but not encashed by the policyholder / insured.

Pursuant to Master Circular on unclaimed amount of Policy Holder due's issued by IRDAI on July 25, 2017 the Company has considered the unclaimed amount which are payable to Policyholders remaining unclaimed beyond six months from the settlement date or due date whichever is earlier. Accordingly there are no additions in the unclaimed amount of Policyholder dues in the category of 0-6 months.

B) Statement showing movement of Unclaimed Amount and Investment Income as per IRDAI Circular no. IRDA/F&A/CIR/MISC/282/11/2020 dated November 18, 2020

(₹ '000)

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Policy Dues	Income Accrued	Policy Dues	Income Accrued
Opening Balance	229,040	39,928	202,806	25,451
Add: on Merger	—	—	27,297	6,226
Add : Amount transferred to unclaimed fund	121,805	—	57,877	—
Add : Cheques issued out of the unclaimed amount but not encashed by the policyholders (to be included only when the cheques are stale)	52,642	—	22,374	—
Add : Investment Income on unclaimed Fund	—	10,310	—	10,400
Less : Amount of claims paid during the year	131,577	2,595	76,854	998
Less: Amount transferred to SCWF (net of claims paid in respect of amounts transferred earlier)	7,820	2,871	4,459	1,150
Closing Balance of Unclaimed Amount Fund	264,090	44,772	229,040	39,928

"Unclaimed amount of policyholders (Investment)" ₹ 147,786 thousand (Previous year ₹ 144,396 thousand) and "Income on Unclaimed Amount of Policyholders (Investment)" ₹ 44,772 thousand (Previous year ₹ 39,928 thousand) are disclosed under Schedule 12 - Advances and Other Assets.

Management Report

In accordance with Part IV of Schedule B of the Insurance Regulatory and Development Authority (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 of India 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, 2021 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 of India.
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 Gross Claims outstanding (excluding provision for IBNR / IBNER and claims relating to inward re-insurance from terrorism 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, 2021:

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	1,532,644
		HDFC LIFE INSURANCE COMPANY LIMITED	Chairman	768
		BREACH CANDY HOSPITAL TRUST	Director	41,324
2	MR. KEKI M. MISTRY	HDFC LIMITED	Vice Chairman and CEO	1,532,644
		HDFC LIFE INSURANCE COMPANY LIMITED	Director	768
		TATA CONSULTANCY SERVICES LIMITED	Director	147,004
		TORRENT POWER LIMITED	Director	905

Management Report (Continued)

Sr. No.	Name of the Director	Entity in which Director is interested	Interested As	Payment during the year (₹ '000)
3	MS. RENU SUD KARNAD	HDFC LIMITED	Managing Director	1,532,644
		HDFC BANK	Nominee Director	2,266,123
		HDFC LIFE INSURANCE COMPANY LIMITED	Director	768
		ABB INDIA LIMITED	Director	4,294
		GLAXOSMITHKLINE PHARMACEUTICALS LIMITED	Chairperson	200
4	MR. ANUJ TYAGI	CSC E-GOVERNANCE SERVICES INDIA LIMITED	Director	116,602
5	MR. BERNHARD STEINRUECKE	ZODIAC CLOTHING LIMITED	Director	105

11. We certify that all debt securities excluding Additional Tier I Bonds 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 to the extent of policyholders funds in the Revenue Accounts and to the extent of shareholders funds 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).

Additional Tier I Bond Investments are fair valued at market yield rates published by rating agency registered with the Securities and Exchange Board of India (SEBI).

In accordance with the Regulations, any unrealized gains/losses arising due to change in fair value of mutual fund investments, listed equity shares and Additional Tier I Bonds 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, rated debt instruments and liquid and Money Market instruments in order to maintain optimum liquidity. 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 IRDAI. The Company has carried out periodic review of the investment portfolio and where found necessary, has made provision for diminution in value of investments or written them off.

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.

Management Report (Continued)

- i. The Company has adopted accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 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 in-house 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.

Signature to the Notes to Accounts

For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

Samir H. Shah
Executive Director & CFO
(DIN: 08114828)

Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)

Anuj Tyagi
Executive Director & Chief Business Officer
(DIN: 07505313)

Dayananda V. Shetty
Company Secretary and
Chief Compliance Officer
(Membership No.: FCS 4638)

Mumbai,
Dated: April 20, 2021

Annexure to Management Report (Continued)

Annexure 1

Details of ageing analysis of Gross Claims outstanding Outstanding As on 31.03.2021 (F. Y. 2020-21)

Period	Fire		Marine Cargo		Maine Hull		Motor OD		Motor TP		Workmen's 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	99	972,707	147	103,916	2	7,510	11,942	698,795	1,360	447,458	64	12,064	2	760	—	—	9	2,820
31 days to 6 months	132	1,013,281	91	103,668	4	53,475	5,111	632,750	4,719	1,825,600	190	39,633	—	—	—	—	27	9,669
6 months to 1 year	86	1,776,277	13	1,538,188	1	50,007	337	114,644	1,813	662,644	110	26,792	—	—	—	—	33	17,687
1 year to 5 years	40	5,271,345	48	273,365	2	702,237	1	10	20,257	12,176,993	180	59,616	6	2,482	—	5,440	138	151,973
5 years and above	2	277,635	5	37,745	—	14,040	—	—	7,172	3,995,514	10	3,335	—	400	1	64,221	5	31,960
Total	359	9,311,245	304	2,056,883	9	827,268	17,391	1,446,138	35,321	19,108,209	554	141,441	8	3,642	1	69,661	212	214,110

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather/Crop		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	198	36,462	—	—	1,533	322,118	31,501	2,310,929	22	3,915	14	5,120	2,250	23,785	600	151,482	49,743	5,099,782
31 days to 6 months	130	300,808	5	2,979	961	338,764	13,541	1,150,462	8	6,295	40	68,556	9,000	89,329	237	213,980	34,196	5,849,249
6 months to 1 year	22	235,261	6	5,708	65	48,291	496	88,287	—	—	61	22,990	5,863	86,618	55	169,385	8,961	4,842,780
1 year to 5 years	21	954,429	11	60,704	53	67,057	1,144	232,539	—	—	164	373,915	993	15,043	64	291,776	23,122	20,638,924
5 years and above	—	101,482	2	412,514	11	12,168	235	32,606	—	—	19	110,698	245	787,445	—	763	7,707	5,882,525
Total	371	1,628,442	24	481,904	2,623	788,398	46,917	3,814,824	30	10,210	298	581,278	18,351	1,002,221	956	827,387	123,729	42,313,261

Outstanding As on 31.03.2020 (F. Y. 2019-20)

Period	Fire		Marine Cargo		Maine Hull		Motor OD		Motor TP		Workmen's 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	92	407,077	248	121,707	1	15	10,712	604,204	705	221,856	66	11,270	—	—	—	—	9	6,067
31 days to 6 months	148	1,552,915	277	283,876	6	135,688	6,661	894,205	5,118	1,781,036	226	47,582	2	800	—	—	52	19,807
6 months to 1 year	98	1,268,088	21	127,451	1	17,999	516	116,357	4,711	2,002,960	138	38,121	2	800	—	—	37	59,946
1 year to 5 years	34	4,359,012	55	258,332	7	726,357	38	12,753	15,783	10,298,747	116	31,412	2	882	—	907	59	61,362
5 years and above	2	170,456	—	15,763	—	6,147	—	—	6,034	3,110,935	5	1,994	—	400	1	64,221	3	22,396
Total	374	7,757,557	601	807,129	15	886,206	17,927	1,627,518	32,351	17,415,534	551	130,378	6	2,882	1	65,127	160	169,578

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather/Crop		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	180	26,272	—	3,876	841	178,478	25,924	1,818,897	1	—	23	7,200	18,052	247,730	509	209,805	57,363	3,884,454
31 days to 6 months	118	570,688	—	824	761	234,788	3,243	304,563	2	2,070	59	22,921	11,286	102,543	287	471,297	282,246	6,425,581
6 months to 1 year	35	472,256	7	63,990	15	12,941	273	40,495	2	495	46	282,143	18	617	22	56,532	5,942	4,561,199
1 year to 5 years	22	333,754	5	152,488	30	53,690	1,029	155,247	1	155	103	207,095	22	41	15	244,357	17,321	16,896,593
5 years and above	1	99,018	2	331,246	8	11,075	197	20,064	—	—	40	26,565	245	787,445	—	265	6,538	4,687,989
Total	356	1,501,988	14	562,425	1,655	490,973	30,666	2,339,266	6	2,720	271	545,924	29,623	1,138,376	833	982,256	115,410	36,415,816

Annexure to Management Report (Continued)

Outstanding As on 31.03.2019 (F. Y. 2018-19)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmen's 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	74	170,527	517	177,521	3	885	10,775	576,290	961	453,687	161	35,973	—	—	—	—	2
31 days to 6 months	119	1,381,692	249	215,635	7	714,442	5,277	632,100	3,560	2,235,030	162	52,299	—	—	—	—	30	53,705
6 months to 1 year	95	915,490	18	60,181	2	58,085	633	88,054	3,146	2,228,407	142	21,843	5	2,075	—	107	17	20,988
1 year to 5 years	24	4,538,649	38	1,97,149	3	17,664	110	25,085	14,724	10,263,020	61	17,930	2	507	—	800	52	205,200
5 years and above	4	157,108	—	14,279	1	5,527	2	1,698	3,858	2,025,014	2	455	—	400	1	64,221	2	19,146
Total	316	7,163,466	822	664,766	16	796,604	16,797	1,323,226	26,249	17,205,158	528	128,501	7	2,982	1	65,127	103	311,322

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather/Crop		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	0-30 days	174	80,958	—	21,431	666	169,808	3,090	206,970	4	1,448	22	10,000	240	3,838	379	80,501	17,068
31 days to 6 months	96	242,865	3	12,617	520	152,862	886	122,312	2	195	32	20,073	66,713	103,670	196	184,743	77,852	6,124,229
6 months to 1 year	60	279,900	5	30,109	4	6,973	28	24,372	—	—	40	23,387	1,448	5,634	21	10,919	5,664	3,776,524
1 year to 5 years	29	163,605	18	244,205	—	524	4	6,116	—	—	56	27,518	527	64,695	9	250,150	15,657	16,212,818
5 years and above	5	89,597	2	342,545	—	—	1	1,491	—	—	42	365,515	125	725,014	—	265	4,045	3,812,276
Total	364	856,915	28	650,908	1,190	330,167	4,009	361,261	6	1,643	192	636,493	69,053	902,851	605	526,579	120,286	31,927,968

Outstanding As on 31.03.2018 (F. Y. 2017-18)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmen's 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	109	288,722	669	86,676	2	2,506	7,990	445,409	1,063	407,981	51	7,078	—	—	—	—	14
31 days to 6 months	279	1,058,433	483	206,960	5	4,032	3,936	379,661	3,947	1,869,268	140	19,585	3	1,200	—	—	16	11,444
6 months to 1 year	115	3,173,303	60	73,604	5	6,511	1,031	162,560	3,755	2,040,825	64	9,129	—	—	—	400	20	19,055
1 year to 5 years	39	1,765,746	38	213,830	5	26,318	489	123,020	14,543	8,321,601	78	20,215	5	1,907	—	400	49	35,736
5 years and above	1	141,282	1	44,403	—	4,184	—	—	2,866	1,214,447	1	100	—	400	1	64,221	9	19,221
Total	543	6,427,487	1,251	625,494	17	43,552	13,446	1,110,650	26,174	13,854,123	334	56,107	8	3,607	1	65,021	108	97,951

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather/Crop		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	0-30 days	621	56,511	3	1,503	1,235	219,528	3,651	253,983	5	831	5	3,500	697	204,084	134	51,000	16,249
31 days to 6 months	446	212,253	5	127,547	570	275,797	1,190	203,760	10	5,392	8	3,803	790	6,372	154	143,205	11,982	4,528,733
6 months to 1 year	56	100,631	7	59,812	26	9,093	50	34,941	3	2,668	31	14,429	14	702	28	61,956	5,265	5,769,619
1 year to 5 years	42	233,130	33	219,249	4	3,277	87	63,763	—	—	92	34,710	250	795,330	5	112,768	15,759	12,251,000
5 years and above	—	66,097	2	340,378	—	—	—	—	—	—	50	367,575	—	—	—	265	2,931	2,264,574
Total	1,165	670,621	50	748,488	1,835	507,694	4,978	556,447	18	8,891	186	704,018	1,751	1,006,489	321	369,195	52,186	26,895,734

Annexure to Management Report (Continued)

Outstanding As on 31.03.2017 (F. Y. 2016-17) (₹ '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	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	76,666	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	66,521	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	1,64,649

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather/Crop		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
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

Annexure - 2

Annexure to Management Report (Continued)

Details of Average Claims Settlement Time

Line of Business	FY 2020-21*		FY 2019-20		FY 2018-19		FY 2017-18		FY 2016-17	
	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	1,853	75	1,762	4	1,925	87	1,645	114	920	245
Marine Cargo	11,103	12	12,471	5	15,068	18	12,882	44	3,742	139
Marine Hull	8	461	9	4	6	448	12	245	3	128
Motor OD	356,087	17	487,550	2	412,047	15	274,597	21	98,738	50
Motor TP	40,30	901	3,308	29	6,885	611	8,020	557	3,196	1,014
Workmens Compensation	314	198	564	2	330	183	123	212	133	337
Public liability	2	23	4	5	-	-	-	-	-	-
Product Liability	-	-	-	-	-	-	-	-	-	-
Other Liabilities	6	175	19	26	19	171	15	281	4	408
Engineering	43,585	3	50,330	1	27,669	7	14,409	30	2,013	304
Aviation	1	426	-	-	3	353	1	168	1	184
Personal Accident	7,635	28	12,107	3	10,460	21	8,406	24	2,160	44
Health	425,183	13	197,022	5	152,051	12	93,388	21	24,480	39
Home	172	18	31	3	33	44	30	111	43	217
Specialty	42	163	14	2	10	518	7	284	2	580
Weather/Crop	1,410,985	3	703,193	1	1,228,191	3	61,108	3	3,170	11
Others	26,550	14	27,917	6	12,112	9	7,335	10	1,383	112
Total	2,287,556		1,496,301		1,866,809		481,978		139,988	

* Date of intimation of claims is considered for computation of 'Average Settlement Time' basis Authority's mail dated 26th March, 2021.

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 of Actuaries.
3	Appropriations	Money set aside for specific purpose.
4	Bad debts written off	Bad debt expense is the amount of an account receivable that is considered to be not collectible.
5	Book Value Per Share	This is computed as networth divided by number of outstanding shares.
6	Company or We or Us	Means HDFC ERGO General Insurance Company Limited (IRDAI Regn. 146).
7	Claim	A request by a policyholder for payment following the occurrence of an insured event. A claim does not necessarily lead to a payment.
8	Co-insurance	Method of sharing insurance risk between several insurers. The policyholder will deal with the Lead insurer who issues documents and collects premiums. The policy will detail the shares held by each company.
9	Combined Ratio	Incurred Claims Ratio plus Expense Ratio.
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.
18	Incurred But Not Enough Reported (IBNER)	Losses that might have incurred but have not yet been enough reported.
19	Incurred Claims	It is claims paid during the period plus the change in outstanding claims at the end of the period versus at the beginning of the period.
20	Incurred Claims Ratio	Proportion of incurred claims to premiums earned during a period.

Sr. No.	Terms	Description
21	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.
22	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.
23	Loss on sale	Loss on sale of assets when an asset is sold below its book value.
24	Net Premiums Earned	Net premium written adjusted for the change in unexpired risks reserve.
25	Net Premiums Written	Gross written premium less reinsurance premium ceded.
26	Net Worth	Paid up share capital (+/-) reserves/ accumulated losses (-) preliminary expenses.
27	Operating Expenses	Expenses for carrying out insurance / reinsurance business.
28	Operating Profit or Loss	Surplus/ Deficit from carrying out insurance business activities i.e. profit before tax excluding investment income and other income.
29	Policy	The legal document issued by an Insurance Company to a policyholder which outlines the terms and conditions of the insurance.
30	Policy Holder [Insured]	A person who pays a premium to an insurance company in exchange for the insurance protection provided by a policy of insurance.
31	Premium Deficiency	Premium deficiency is recognised as the sum of expected claim costs, related expenses and maintenance cost exceeds related reserve for unexpired risks.
32	Reinsurance	Transfer of an insurance (or part of the risk covered) from one insurance company to another for a premium, not necessarily with the knowledge of the policyholder.
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 IRDAI 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	It means a reinsurance arrangement between the cedant and the reinsurer, usually for one year or longer, which stipulates the technical particulars and financial terms applicable to the reinsurance of defined class or classes of business.
37	Underwriting	The process of selecting applicants for insurance and classifying them according to their degrees of insurability so that the appropriate premium rates may be charged. The process includes rejection of unacceptable risks.
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
- Home Insurance
- Health Insurance
- Personal Accident
- Travel Insurance

Rural Products

- Cattle Insurance
- Weather Insurance
- Crop Insurance

Overseas Travel Insurance Liability Insurance

Casualty and Specialty Lines

- Product Liability
- Public Liability and Public Liability Act
- Errors and Omission (Tech)
- Commercial General Liability
- Employee's Compensation Insurance
- Professional Indemnity

Financial Lines

- Directors and Officers Liability
- Venture Capital Asset Protection Policy
- Employment Practices Liability
- Multimedia Liability Insurance
- Commercial Crime Insurance
- Cyber Security Insurance Policy

Property Insurance

- Standard Fire and Special Perils Policy
- Consequential Loss (Fire) Insurance
- Industrial All Risks Policy
- Business Suraksha Classik – Laghu Udyam

Engineering Insurance

- Erection All Risks Insurance
- Contractor's All Risk Insurance
- Advance Loss of Profit
- Contractor's Plant and Machinery Insurance
- Machinery Breakdown Insurance
- Electronic Equipment Insurance
- Boiler and Pressure Plant Insurance

Innovative Covers

- E@Secure
- Drone Insurance
- Business Kisht Suraksha
- Mosquito Disease Protection Policy
- TravelX - Dynamic Flight Delay & Sportify
- My: Health Comprehensive Suraksha (Group) - Critical Illnesses Sachet

Accidental and Health Insurance

- Group Travel
- Group Mediclaim
- Group Personal Accident
- Group Critical Illness Insurance
- Group Hospital Cash Benefit

Marine Cargo Insurance

- Marine Specific Policy
- Marine Open Policy
- Sales Turn Over Policy

Regulatory Products

Health

- Arogya Sanjeevani Policy, HDFC ERGO
- Sarasuraksha Bima, HDFC ERGO
- Corona Kavach Policy, HDFC ERGO

Property Insurance

- Corona Rakshak Policy, HDFC ERGO
- HDFC ERGO - Bharat Griha Raksha
- HDFC ERGO - Bharat Laghu Udyam Suraksha
- HDFC ERGO - Bharat Sookshma Udyam Suraksha

Customer Testimonials

Arun Sankar K

Health Insurance Customer | Policy No. 2805203720461200

“The whole process has been hassle-free and we are extremely satisfied with our experience with HDFC ERGO. Didn't perceive any particular area of concern or requiring improvement. Keep up your good work. Thank you!”

Nataraj P

Motor Insurance Customer | Policy No. 2311202452185801

“Thank you for a professional claim experience. It is great to have associated with HDFC ERGO.”

Shaik Reshma

Motor Insurance Customer | Policy No. 2311201759167502

“I am so happy with the services provided. Response was so fast through the WhatsApp number at the HDFC ERGO Mobile App.”

Joseph Dias

Health Insurance Customer | Policy No. 2952201017032804

“I was helped on the phone beyond MEASURES at every step and I hope this continues.”

Rajesh Kalra

Motor Insurance Customer | Policy No. 2311100301017301

“Delightful experience of my transaction conducted via e-mail. Thank you HDFC ERGO.”

Abhinav Mishra

Health Insurance Customer | Policy No. 2805203530570500

“I am mighty pleased with the resolution time. It was overall swift. Thanks”

Customer Testimonials

Vipul V Jobanputra

Health Insurance Customer | Policy No. 2805203652980100

“There is nothing better than HDFC ERGO General Insurance in industry.”

MD Asif Equbal Khan

Health Insurance Customer | Policy No. 2952201297427503

“Great service from HDFC ERGO, you are the best as always. Keep up the good work!”

Vyaghreswarudu Akella

Health Insurance Customer | Policy No. 2825100373435501

“HDFC ERGO provided very fast and nice service. I will definitely recommend the same.”

Jitesh Ajmera

Home Shield Insurance Customer | Policy No. 2990100606606200

“Excellent and prompt service. Fully satisfied.”

Prasad Ramakant Pangerkar

Home Suraksha Plus Insurance Customer | Policy No. 2918201725940500

“I had a nice experience with HDFC ERGO. Good quality service.”

Anand Kumar Kesari

Health Insurance Customer | Policy No. 2805203608295500

“I really appreciate the way HDFC ERGO has help me in my difficult time. I would recommend to my friends & family to choose HDFC ERGO only.”

The logo consists of the words "HDFC" and "ERGO" stacked vertically in a bold, white, sans-serif font, centered within a solid red square.

HDFC ERGO General Insurance Company Limited

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Customer Experience Management, Customer Happiness Center: D-301, 3rd Floor, Eastern Business District (Magnet Mall), LBS Marg, Bhandup (West), Mumbai - 400 078.

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