

**MAKING OVER A CRORE CUSTOMERS
SMILE WITH OUR NEXT GEN SOLUTIONS.**



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.

Excellence

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

Ethics

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

Dynamism

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



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Company Highlights

3rd largest General Insurance Company in private sector, with Gross Written Premium of ₹ 8,722 crore for FY19 and market share of 5.1% as at March 31, 2019.

Issued more than 8.5 million policies and serviced 2.1 million claims in FY19.

Comprehensive product portfolio along with a balanced channel mix.

iAAA rated by ICRA (A Moody's Investors Service Company) indicating highest claims paying ability.

Credit rating of ICRA/AAA and CRISIL/AAA with a stable outlook for the Non-Convertible Debentures (Subordinated Debt) programme.

Solvency ratio of 175% vis-a-vis IRDAI required solvency ratio of 150%.

Pan-India presence across 122 branches in 106 cities and a close knit family of 3,300+ professionals.

ISO certified processes for Claims Services, Operations and Customer Services and Business Continuity Management.

Chairman's Message

“ Health insurance has tremendous potential and is likely to emerge as the largest product segment over the next five years. ”



The year under review has been a mixed bag with a stronger growth momentum in the first half followed by a slower growth rate in the second half of the year. While a durable strengthening of investment demand is yet to take hold, the year saw higher financial flows to the commercial sector. This augurs well for investment activity coupled with inflationary conditions which continues to remain benign. Global trade activity, however, has slowed down. In FY20, the economic growth momentum in India is expected to pick up, aided by the recapitalization of public sector banks and resolution of some stressed assets under the Insolvency and Bankruptcy Code. With the new government in place, investment demand and credit off-take will increase. A deceleration in global growth continues to be a downside risk to domestic economic activity.

The General Insurance Sector grew by 12.9% in FY19, taking the industry premium to ₹ 170,000 crore. During the year, the Motor segment saw some headwinds, registering a growth of 8.8% while the Accident and Health segment grew at a robust 20.9%.

HDFC ERGO improved its market share to 5.1% in FY19, with a Gross Written Premium of ₹ 8,722 crore, representing a 17.8% growth over the previous year. Portfolio steering measures and a strong focus on operational efficiencies resulted in further improvements in profitability, with a combined operating ratio at 98.7%. The profit before tax (excluding the impact of IL&FS) increased by 24.0%, from ₹ 513 crore in FY18 to ₹ 636 crore in FY19. After making necessary provisions, the reported profit after tax for FY 19 stood at ₹ 383 crore.

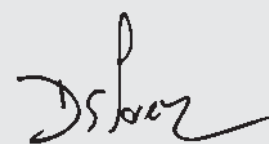
In FY19, the Insurance Regulatory and Development Authority of India (IRDAI) mandated long-term motor third party insurance for new vehicles, by stipulating a three-year insurance for new cars and five-year insurance for new two-wheelers. We believe that this will significantly address the issue of uninsured vehicles and should give a fillip to the motor insurance portfolio, which is the largest segment of the general insurance industry, accounting for 37.9% of overall premiums.

At an industry level, the Accident and Health portfolio, which contributes 30.0% to the total premium has been one of the key industry growth drivers over the years. This segment has grown at a CAGR of 24.5% since the opening up of the insurance sector in 2001. Yet, the penetration of health insurance remains low in the country. Out of pocket expenditure still accounts for 64.6% of current health expenditure in India as against a global average of 18.6%. We believe this segment has tremendous growth potential in the foreseeable future and is likely to emerge as the largest product segment in the industry over the next 5 years. The importance and imminent scale of this portfolio is further demonstrated by the recent launch of the flagship government-sponsored healthcare scheme – Pradhan Mantri Jan Arogya Yojana (PMJAY) across various states. The scheme is expected to bring under the ambit of health insurance 10 crore households and 50 crore individuals. This is expected to be amongst the largest health care schemes in the world.

In FY19, IRDAI announced that it would seek to create a roadmap to move towards risk-based supervision, which would enable the regulator to increase its focus on entities posing higher risks relative to others. The sector continues to see interest from new entrants who are awaiting regulatory approvals for commence operations. The amendments in regulations, increased number of players and widespread adoption of digital initiatives are expected to result in deeper insurance reach as the market evolves to its next phase. These factors will help significantly improve the level of insurance penetration.

In line with the HDFC group's core values of trust, integrity and transparency, the Company takes pride in servicing its 11.5 million customers. The Company continues to be at the forefront of various digital initiatives to ensure faster and best in class customer service delivery using robotic process automation and machine learning in its processes.

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



Deepak S. Parekh
Chairman

MD & CEO's Message

“ In FY19, HDFC ERGO achieved a 23.9% growth in profit before taxes (excluding the impact of IL&FS) ”



The stable political situation of FY18 continued in FY19, resulting in predictable economic climate. The growth momentum of the second half of FY18 continued in FY19, with the real GDP growing by 7.2% in the first nine months of FY19, in line with the 7.2% growth for FY18.

The growth in auto sales witnessed a slowdown in the second half of the year – resulting in annual growth rate of 5.1% compared to 11.0% growth for the first six months. The growth of the non-life industry is directly linked to the economic growth, and this was reflected in the industry performance for FY19 as well. The general insurance industry wrote gross direct premium of almost ₹ 170,000 crore, registering a growth of 12.9% (FY18:17.4%), the slowdown arising primarily from no growth in the motor own damage segment due to slow growth in auto sales and the price reduction following the implementation of Motor Insurance Service Provider Guidelines. The non-crop segments registered a growth of 13.1%, led by Accident & Health segments (20.9%) and Motor (8.8%), while the crop insurance segment grew by 11.7%. The motor third party segment led the motor segment growth with a 15.4% growth. Private sector insurers (including standalone health insurers) grew by 26.1%, capturing further market share from the public sector insurers, who remained flat. In FY20, we expect the Motor, Health and Personal Accident segments to continue to drive the industry growth.

Our Gross Written Premium grew by 17.8% during the year, from ₹ 7,401 crore to ₹ 8,722 crore. This was faster than the industry growth of 12.9%. Our calibrated growth strategy across non-crop segments helped us achieve a 27.4% growth in our non-crop portfolio to ₹ 6,622 crore vis-à-vis 13.1% growth for the industry. In line with our portfolio strategy, our crop portfolio remained flat at ₹ 2,099 crore.

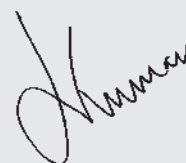
After achieving a two-digit combined ratio in FY18, our combined ratio improved further this year. Our expense ratio was 22.4% and loss ratio was 76.3%, resulting in an overall combined ratio of 98.7%. As a result, the Company achieved profit before tax (excluding the impact of IL&FS) of ₹ 636 crore as compared to ₹ 513 crore last year, representing a 23.9% growth. On account of the defaults faced by the Company on its exposure to the IL&FS group and considering the subsequent developments thereon, the Company took a conservative view and reversed the accrued interest and made provision for 100% of its principal exposure and equity exposure to the IL&FS group, totaling to ₹ 168 crore. Thus, the Company achieved a profit after tax of ₹ 383 crore for the year. We declared an interim dividend of 22.5% for FY19.

During the year, your Company sold over 8.5 million policies through its 122 branches and various channel partners. The Company has put in place robust systems, resulting in around 94% of these policies being issued in touch-free mode.

Your Company continued to launch various customer-centric initiatives during the year as it progressed on its digital journey. Some of these include the further simplification and digitisation of our policy issuance and claims processes and increased adoption of robotic process automation. Our ecosystem of robots now supports a digital interface across modes (call, chat and e-mail) and to a wide range of stakeholders (customers, employees and distribution partners). Our presence across physical, web and mobile modes enables anytime, anywhere access to our products and services. Your Company continues to evaluate innovative technologies to further support its pursuit of service excellence.

I am pleased to further inform that the financial statements of your Company for the year ended on March 31, 2018 have been awarded Silver shield for Excellence in Financial Reporting by the Institute of Chartered Accountants of India for the accounting practices adopted while preparing financial statements, the policies adopted for disclosures and presentation of financial statements.

I take this opportunity to thank all our stakeholders for the contribution made in this challenging business environment 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)

Mr. Theodoros Kokkalas
(DIN: 08093899)

Mr. Bernhard Steinruecke
(DIN: 01122939)

Mr. Mehernosh B. Kapadia
(DIN: 00046612)

Mr. Arvind Mahajan
(DIN: 07553144)

Mr. Ameet P.Hariani
(DIN: 00087866)
(w.e.f July 16, 2018)

Mr. Samir H. Shah
Executive Director & CFO
(DIN: 08114828)
(w.e.f. June 1, 2018)

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

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

Senior Management

Mr. Ankur Bahorey

Mr. Parthanil Ghosh

Mr. Sanjay Kaw

Mr. Mehmood Mansoori

Mr. Anurag Rastogi

Appointed Actuary

Mr. Hiten Kothari

Company Secretary

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

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

HDFC ERGO General Insurance Company Limited (Formerly HDFC General Insurance 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 66383600
CIN: U66030MH2007PLC177117 IRDAI Reg. No. 146

Customer Service Address: D-301, 3rd Floor, Eastern Business District (Magnet Mall), LBS Marg, Bhandup (West), Mumbai 400078.
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 (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 with effect from 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 and First international recipient of the Outstanding Achievement Award by the Institute of Chartered Accountants in England and Wales in 2010.



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 was a member of the Committee of Corporate Governance set up by the Securities and Exchange Board of India (SEBI). He is currently the Chairman of CII National Council on Corporate Governance and a member of Primary Markets Advisory Committee set up by the SEBI. He joined HDFC in 1981 and was appointed as the Executive Director in 1993, as the Deputy Managing Director of HDFC 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.



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 is a graduate in law from the University of Mumbai. She is a Parvin Fellow - Woodrow Wilson School of International Affairs, Princeton University, U.S.A. She joined HDFC in 1978 and was appointed as the Executive Director in 2000 and was re-designated as its Joint Managing Director in October 2007 and thereafter appointed as its Managing Director w.e.f. January 1, 2010. Ms. Karnad has served as the President of the International Union for Housing Finance (IUHF), an association of housing finance firms present across the globe.



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



Mr. Theodoros Kokkalas (DIN:08093899) is a Non-Executive Director of the Company. Mr. Kokkalas is the Chief Executive Officer of ERGO Insurance Company S.A. (Greece), ERGO Grubu Holding Anonim Sirketi (Turkey), President of the Board of Directors of DAS HELLAS S.A. and member of the Supervisory Board of ERGO P&C and ERGO Life (Russia). He has held the position of CEO of ERGO Insurance Company S.A. (Greece) since 2004. Prior to that and during the period from 2012 - 2019, he was the CEO of ERGO SIGORTA Anonim Sirketi (Turkey), and during the period from 1998 to 2004, he was General Manager of Gerling-KonzernAllgemeine VAG/Greek Branch and of Gerling-KonzernSpeziale Kreditversicherungs AG/Greek Branch and in the period between 1994 and 1998 he has held various position at Gerling-Konzern Group. Prior to that until 1994, he was a member of staff of Norddeutschen Landesbank/Hannover Legal Department.



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

Brief Profile of the Directors



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 a 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 a 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 a 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 a strong understanding of technology including disruptive trends. While at IBM, he has lead technology strategy and the communication sector vertical. He has also been a 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 31 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 28 years of work experience, of which over 12 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, Risk & Loss Mitigation, Administration and CSR functions of the Company.



Mr. Anuj Tyagi (DIN: 07505313) is the Executive Director of the Company, appointed for a period of 5 years w.e.f. May 1, 2016. Mr. Tyagi is a Chemistry (H) graduate from Delhi University and has a Post Graduate Diploma in Business Management. Mr. Tyagi has about 19 years of work experience in insurance and banking. He joined the Company in 2008 as a Head - Corporate Business Group and is currently responsible for Wholesale and Retail business, Reinsurance, Underwriting & Claims and Human Resources functions of the Company.



Mr. Ritesh Kumar (DIN: 02213019) is the Managing Director and CEO of the Company since June 10, 2008. Mr. Kumar has about 27 years of experience in the Financial Services Industry, of which the first 10 years were in Banking and the last about 17 years in Insurance. Mr. Kumar is a commerce graduate from Shriram College of Commerce, Delhi and holds an MBA degree from Faculty of Management Studies (FMS), Delhi.

Directors' Report

TO THE MEMBERS

Your Directors are pleased to present the Twelfth Annual Report of your Company together with the audited financial statements for the financial year ended on March 31, 2019.

Financial Results

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Gross Written Premium	8,721.8	7,401.1
Net Written Premium	4,372.8	3,455.5
Net Earned Premium	3,810.0	2,994.5
Other Income/Liabilities written back	6.0	3.8
Net Incurred Claims	2,909.2	2,226.7
Net Commission (Income) / Expenses	(152.6)	(268.4)
Expenses of Management	1,171.5	1,165.3
Investment Income – Policyholders	565.8	485.5
General Insurance Result	453.7	360.3
Investment Income – Shareholders	171.3	153.0
Profit before Tax - Before providing for diminution in value of investments	625.0	513.3
Provision towards diminution in value of investments	157.8	–
Profit before Tax - After providing for diminution in value of investments	467.2	513.3
Provision for Tax	84.2	109.6
Profit after Tax	383.0	403.7
Interim Dividend (incl. Dividend Distribution Tax)	164.2	145.7
Transfer to Debenture Redemption Reserve	9.7	9.7
Profit carried to Balance Sheet	209.0	248.3
Credit balance in P & L account at the year end	507.5	298.4

Performance

The Gross Written Premium (GWP) of the Company increased to ₹ 8,721.8 crore (PY: ₹ 7,401.1 crore). The Company achieved a Profit before Tax of ₹ 467.2 crore (PY: ₹ 513.3 crore) after providing for diminution in the value of investments amounting to ₹ 157.8 crore (PY: NIL). The Profit after Tax for the year is ₹ 383.0 crore

(PY: ₹ 403.7 crore). The net earned premium increased to ₹ 3,810.0 crore (PY: ₹ 2,994.5 crore).

Dividend

The Board of Directors had approved the payment of an interim dividend for the financial year 2018-19 of ₹ 2.25 per equity share of ₹ 10 each in March 2019 (as against ₹ 2 paid during the previous year). The said dividend was encashed by all shareholders.

No final dividend was recommended by the Board.

Increase in Paid up Share capital

During the year, the Company allotted 350,250 equity shares of ₹ 10 each pursuant to exercise of stock options under Employees Stock Option Plan-2009 (ESOP-2009).

The Paid up equity share capital of the Company has increased from ₹ 605.1 crore as on March 31, 2018 to ₹ 605.4 crore as on March 31, 2019 and the Share Premium Account increased from ₹ 838.2 crore as on March 31, 2018 to ₹ 840.3 crore as on March 31, 2019.

Non-Convertible Debentures

As at March 31, 2019, the Company's outstanding Non-Convertible Debentures (NCDs) stood at ₹ 350 crore consisting of 3,500 Unsecured, Subordinated, Fully Paid up, Listed, Redeemable NCDs of the face value of ₹ 1,000,000 each, with a coupon of 7.60% per annum. The said NCDs were allotted on November 9, 2016 and are redeemable at the end of 10 years from the date of allotment with a call option to the Company at the end of 5 years from the date of allotment. The NCDs are rated by CRISIL and ICRA and were assigned the highest rating of CRISIL AAA/Stable and ICRA AAA/Stable respectively. The NCDs are listed on the Whole Sale Debt Market Segment of BSE Limited w.e.f. November 23, 2016.

The Company has been regular in its payment obligations 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, during the year, the Company has transferred ₹ 9.7 crore to the Debenture Redemption Reserve (DRR) from its profit. As at March 31, 2019, the balance in DRR stands at ₹ 29.2 crore.

Extract of Annual Return

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

Number of meetings of the Board

During the year, the Board met five (5) times on April 16, 2018, July 23, 2018, October 22, 2018, January 23, 2019 and March 4, 2019.

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 its in-principle approval to different types of related party transactions which are recurring in nature and in the ordinary course of business.

Related party transactions that were entered into during the year were in the ordinary course of business and on an arm's length basis. The details of transactions with related parties are placed before the Audit and Compliance Committee 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, 2019 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 ₹ 351.7 crore in foreign exchange (PY: ₹ 946.0 crore) mainly on account of reinsurance premium and claims payment. Premium received and claims on reinsurance ceded in foreign exchange during the year was ₹ 275.2 crore (PY: ₹ 384.8 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 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. 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 above 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 in to 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.

Information & Cyber Security

The Company assigns high 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;
- ISO 22301 Certified Business Continuity 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.

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.

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

During the year, as against the required CSR spend of ₹ 3.45 crore, the company spent ₹ 4.01 crore on CSR activities. In addition, during the year, the Company disbursed ₹ 0.08 crore pertaining to previous year.

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.

Particulars of Employees and other related disclosures

The total employee strength of the Company as on March 31, 2019 stood at 3,391.

During the year, 12 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

- Qualitative Disclosures:
- 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:

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

- (ii) Quantitative Disclosures:

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

Particulars	Year ended March 31, 2019
Number of MD/ CEO/ WTDs having received a variable remuneration award during the financial year	3
Number and total amount of sign-on awards made during the financial year	NIL
Details of guaranteed bonus, if any, paid as joining / sign-on bonus	NIL
Breakdown of amount of remuneration awards for the financial year (Amount in ₹)	
Fixed	68,393,512
Variable	31,799,523
Deferred	NIL
Non-deferred	NIL
Total amount of deferred remuneration paid out in the financial year	NIL
Total amount of outstanding deferred remuneration	
Cash (₹ in million)	NIL
Shares (nos.)	NIL
Shares-linked instruments	NIL
Other forms	NIL

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 2018-19.

The Secretarial Audit Report is appended to this Report.

Employees Stock Option Plan (ESOP)

During the year, the Company granted 1,055,000 stock options in respect of 1,055,000 equity shares of ₹ 10 each at an exercise price of ₹ 257 per option under ESOP-2009 to 41 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.

During the year, Options vested aggregated to 250,750 and Options exercised aggregated to 350,250. Pursuant to the said exercise, the Company received ₹ 2.51 crore as exercise consideration (excluding tax). Pursuant to exercise of Options, 350,250 equity shares of ₹ 10 each have been allotted to the concerned employees.

During the year, 40,000 Options lapsed and the Options in force as on March 31, 2019 were 4,078,000.

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

The diluted EPS is ₹ 6.31 against a basic EPS of ₹ 6.33.

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:

- None of the KMP's were granted any Options during the year.
- Mr. Hiten Kothari, Appointed Actuary was granted 1,00,000 Options representing 9.48% of the Options granted during the year.
- 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 up to 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 with effect from 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 twelfth AGM.

Subsidiary Company

The Company has no subsidiaries.

Directors and Key Managerial Personnel

Appointment of Independent Director

The Board pursuant to the recommendation of the NRC had appointed Mr. Ameet P. Hariani (DIN: 00087866) as an Independent Director of the Company for a period of five years with effect from July 16, 2018 and the same was approved by the Shareholders at the eleventh AGM held on July 23, 2018.

Re-appointment of Directors liable to retire by rotation

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Deepak S. Parekh (DIN: 00009078) and Mr. Keki M. Mistry (DIN: 00008886), Directors 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 twelfth AGM circulated to the members.

Induction Programme for Independent Directors

An induction programme was organized for the newly appointed Independent Director, Mr. Ameet P. Hariani. The objective of the programme was to familiarize the newly appointed director with the non-life insurance industry as a whole and the Company's business, operations, policies and processes and mechanism in place to ensure compliance with applicable laws. The induction programme included meetings with representatives of various functions which provided an overview of the activities and core responsibilities of the function.

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 also 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, 2019. 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, 2019 with no significant deficiency.

Audit and Compliance Committee

The Audit and Compliance Committee comprises of five (5) members – three Independent Directors and two Non-Executive Directors. The Chairman of the Committee is an Independent Director and a qualified Chartered Accountant. The composition of the Committee is in conformity with the provisions of Section 177 of the Act and the Guidelines.

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

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

Indian Accounting Standards (Ind AS)

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

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

Accordingly, the Company submitted the proforma Ind AS financial statements from quarter ended December 31, 2016 to IRDAI.

On May 18, 2017, the International Accounting Standards Board (IASB), issued the IFRS 17: Insurance Contracts with an applicability date from January 1, 2021, which replaces IFRS 4 on Insurance Contracts (Ind AS 104 Insurance Contracts). Consequently, IRDAI vide circular no. IRDA/F&A/CIR/ACTS/146/06/2017 dated June 28, 2017, deferred the implementation of Ind AS in the Insurance Sector in India for a period of two years i.e to be implemented effective 2020-21.

Vide press release dated November 14, 2018 the IASB proposed the deferral of IFRS-17: Insurance Contracts by one year i.e to be implemented from January 1, 2022. Accordingly, MCA and IRDAI may also defer the implementation of Ind AS-117: Insurance Contracts.

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) comprising of eight members. Of the eight members, five 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, sessions were conducted on an on-going basis to create awareness about the Policy amongst the employees. During the year under review, 8 cases were reported, of which 6 cases were closed and 2 cases are under investigation.

Secretarial Standards

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

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 judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 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 to the Insurance Regulatory and Development Authority of India, General Insurance Council, Ministry of Corporate Affairs and other Ministries of the Government of India, Depositories and the stock exchanges for their continued patronage.

The Board appreciates and acknowledges all the stakeholders – policyholders, channel partners, reinsurers and intermediaries for reposing their faith in the Company.

The Board takes this opportunity to thank the Promoters – Housing Development Finance Corporation Limited and ERGO International AG for providing their invaluable guidance and support.

The Board expresses its sincere appreciation to employees at all levels for their hard work, loyalty and commitment, enabling the Company's continued growth.

On behalf of the Board of Directors

DEEPAK S. PAREKH
Chairman
(DIN: 00009078)

Mumbai
May 3, 2019

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 2018-19:

Name	Designation	Ratio of remuneration of each Director to the median remuneration of the employees
Mr. Deepak S. Parekh	Chairman (Non-Executive)	2:1
Mr. Keki M. Mistry	Non-Executive Director	6:1
Ms. Renu Sud Karnad	Non-Executive Director	4:1
Mr. Alexander Ankel	Non-Executive Director	—
Mr. Theodoros Kokkalas	Non-Executive Director	—
Mr. Bernhard Steinruecke	Independent Director	6:1
Mr. Mehernosh B. Kapadia	Independent Director	7:1
Mr. Arvind Mahajan	Independent Director	7:1
Mr. Ameet P. Hariani	Independent Director	2:1
Mr. Samir H. Shah	Executive Director & CFO	41:1
Mr. Anuj Tyagi	Executive Director & Chief Business Officer	47:1
Mr. Ritesh Kumar	Managing Director & CEO	134:1

Percentage increase in remuneration of each Director and Key Managerial Personnel in FY 2018-19:

Name	Designation	Increase in Remuneration (%)
Mr. Ritesh Kumar	Managing Director & CEO	14%
Mr. Mukesh Kumar	Executive Director	*
Mr. Anuj Tyagi	Executive Director & Chief Business Officer	13%
Mr. Samir H. Shah	Executive Director & CFO	30%**
Mr. Dayananda V. Shetty	Company Secretary & Chief Compliance Officer	11%

*retired w.e.f June 1, 2018

**pursuant to elevation as an Executive Director w.e.f June 1, 2018

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 2018-19, which is the same as paid for FY 2017-18. Further details are provided in Form MGT-9.

Percentage increase in the median remuneration of employees in FY 2018-19: 9%

Number of permanent employees on the rolls of the Company as on March 31, 2019: 3,391

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in the remuneration of all employees in FY 2018-19 was 9%. The average increase in the remuneration of managerial personnel (i.e. Whole-time Directors) stood at 14% and of non-managerial personnel was 9%.

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

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

The remuneration of Key Managerial Personnel is based on the overall performance of the Company.

Report of the Directors on Corporate Governance

Corporate governance is the application of best management practices and a commitment to conduct business in a fair, transparent and ethical manner in compliance with the applicable rules and regulations. Corporate Governance involves balancing interests of various stakeholders having direct or indirect interest in the success and growth of the business enterprise viz. shareholders, customers, employees, government, regulator, service providers, financiers and the society at large.

Corporate Governance deals with how a corporate is governed. It is all about promoting corporate fairness, transparency and accountability.

Despite of multiple legal provisions in place, with enhanced punitive provisions, we continue to witness corporate failures and frauds, which points out governance weakness as one of the root cause.

India has witnessed increased shareholder activism where the shareholders have become more sensitive towards governance based issues and have become more cognizant to invest in companies having good governance practices and business ethics.

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 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 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 Company's strategy is achieved effectively, operational management remains focused on implementation; information regarding the Company's operations and financial performance is made available promptly; delegation of decision making with accountability is achieved; financial and operating control and integrity are maintained at an optimal level; and risks are suitably evaluated and dealt with.

Composition

The Board has a mix of executive, non-executive and independent directors. The Board comprises of competent and qualified directors to drive the strategies in a manner that would sustain growth of the Company

and protect the interest of various stakeholders in general and Policyholders in particular. The Board comprises of directors having expertise in insurance, banking, finance, accountancy, economics, law, human resources, etc.

As at May 3, 2019, 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 a Managing Director & CEO and two Executive Directors, one of whom is also the 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. 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 and their directorships in public companies are as under:

Sr. No.	Directors	Category	No. of Director ships#
1.	Mr. Deepak S. Parekh	Chairman (Non-Executive)	8
2.	Mr. Keki M. Mistry	Non-Executive Director	8
3.	Ms. Renu Sud Karnad	Non-Executive Director	7
4.	Mr. Alexander Ankel	Non-Executive Director	-
5.	Mr. Theodoros Kokkalas	Non-Executive Director	-
6.	Mr. Bernhard Steinruecke	Independent Director	3
7.	Mr. Mehernosh B. Kapadia	Independent Director	3
8.	Mr. Arvind Mahajan	Independent Director	2
9.	Mr. Ameet P. Hariani*	Independent Director	6
10.	Mr. Samir H. Shah**	Executive Director & CFO	-

Sr. No.	Directors	Category	No. of Director ships#
11.	Mr. Anuj Tyagi	Executive Director & Chief Business Officer	1
12.	Mr. Ritesh Kumar	Managing Director & CEO	-

*From July 16, 2018, ** From June 1, 2018

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

Responsibilities

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

Role of Independent Directors

The Independent Directors bring an independent 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, performance, financials and risk management of the Company. The Board follows a set of appropriate standard procedures in the conduct of Board meetings which is summarized below:

The meetings of the Board of Directors are generally held at the Company's registered office in Mumbai. The schedule of meetings to be held in a calendar year is planned well in advance and informed to the Directors. The notice of each Board and Committee meeting is given in writing through email to each Director, Appointed Actuary, members of Senior Management and Statutory and Internal Auditors, as 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. The Board meets at least once a quarter to inter-alia review the financial, operational and investment performance of the Company.

The Company Secretary in consultation with the Key Managerial Personnel prepares a detailed agenda for the meetings. All departments communicate with the Company Secretary in advance with regard to matters requiring approval of the Board to enable inclusion of the same in the agenda for the meetings. With the objective of transparent flow of information from the Management, detailed agenda notes are sent to all Directors in advance. The Members of the Board are also free to recommend inclusion of any matter in the agenda for discussion. In case of matters requiring urgent consideration by the Board and arising post the dispatch of agenda, the same is taken up for discussion by the Board as part of any other business with the permission of the Chairman and consent of majority of Directors 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 the year, the Board met five (5) times on April 16, 2018, July 23, 2018, October 22, 2018, January 23, 2019 and March 4, 2019. 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	5	5
Mr. Keki M. Mistry	5	5
Ms. Renu Sud Karnad	5	5
Mr. Alexander Ankel	5	5
Mr. Theodoros Kokkalas	5	5
Mr. Bernhard Steinruecke	5	5
Mr. Mehernosh B. Kapadia	5	5
Mr. Arvind Mahajan	5	5
Mr. Ameet P. Hariani*	4	4
Mr. Mukesh Kumar**	1	1
Mr. Samir H. Shah***	4	4
Mr. Anuj Tyagi	5	5
Mr. Ritesh Kumar	5	5

*From July 16, 2018; ** Upto May 31, 2018; *** From June 1, 2018

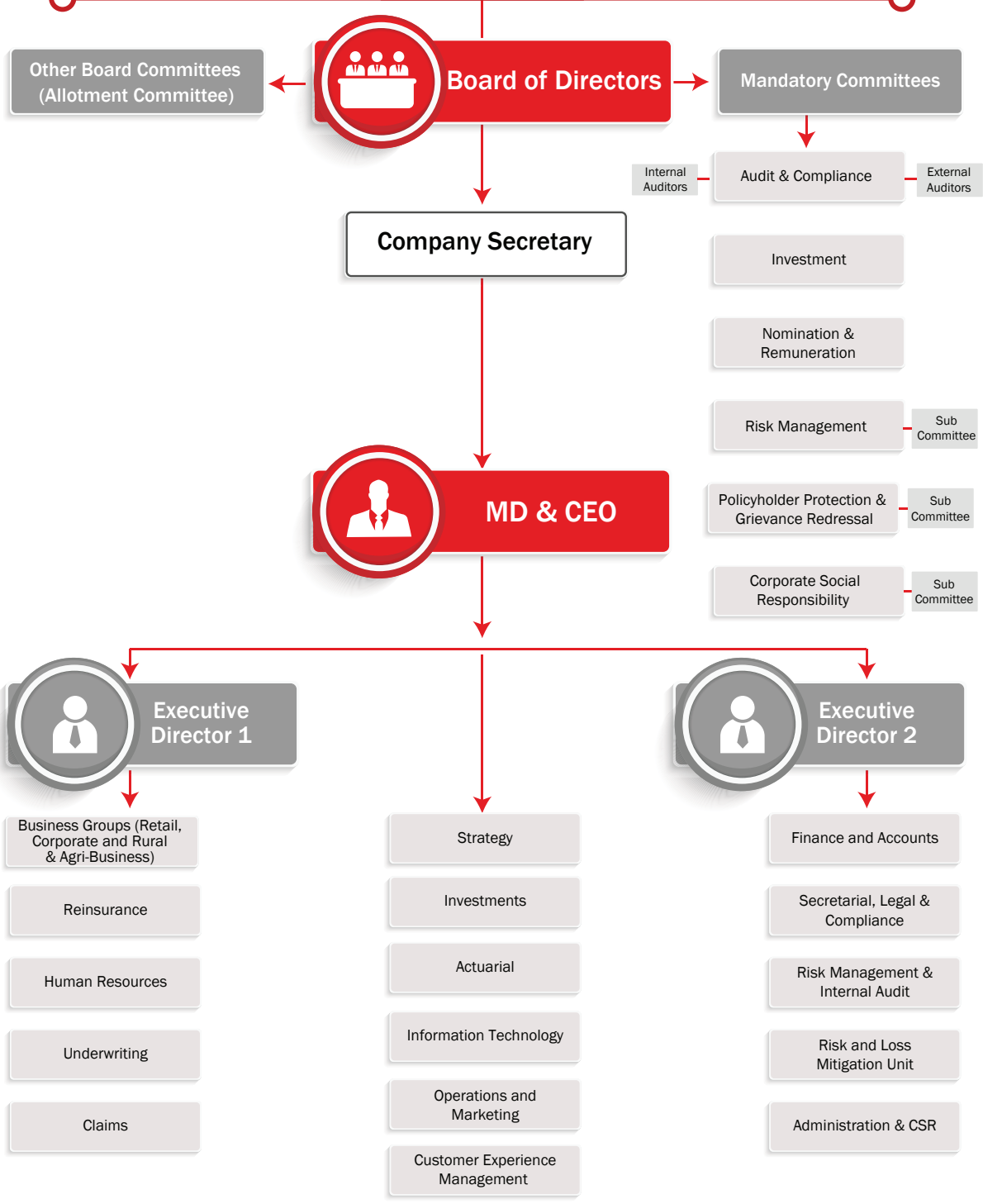
The Board also met on May 3, 2019 and inter-alia considered and approved the audited financial statements for the year ended March 31, 2019.

Committees

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

- (i) Audit and Compliance Committee
- (ii) Investment Committee
- (iii) Risk Management Committee
- (iv) Policyholder Protection and Grievance Redressal Committee
- (v) Nomination and Remuneration Committee
- (vi) Corporate Social Responsibility Committee
- (vii) Allotment Committee

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 five (5) members – three 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. It also reviews the reports of the Internal Auditors and Statutory Auditors along with the comments and action taken reports of the Management. The Committee gives appropriate directions to the Management in areas that 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 and suggests appropriate measures thereto, reviews the mechanisms to comply with the provisions of applicable laws, rules, regulations, circulars issued by the Regulators. The Committee recommends to the Board, the appointment or re-appointment of the Statutory Auditors, Internal Auditors, Secretarial Auditors, Concurrent Auditors, Investment Risk Management Auditors and their remuneration. The Committee and Statutory Auditors discuss the nature and scope of audit prior to the commencement of the audit and areas of concern, if any, arising post audit. The Committee approves the type and nature of other services that can be availed by the Company from the Statutory Auditors. The Committee also oversees internal financial control and risk management systems of the Company and ensures that adequate procedures and processes has been set-up to address all concerns relating to adequacy of checks and control mechanisms.

During the year, the ACC met five (5) times on April 16, 2018, July 23, 2018, July 24, 2018, October 22, 2018 and January 23, 2019.

The Committee also met on May 3, 2019 for review of the audited financial statements for the year ended March 31, 2019 and recommended the same for the approval of the Board.

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

Members	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Mehernosh B. Kapadia (Chairman)	5	5
Mr. Bernhard Steinruecke	5	5
Mr. Arvind Mahajan	5	5
Mr. Keki M. Mistry	5	5
Mr. Alexander Ankel	5	5

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 period ahead and provides its 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 the year, the IC met four (4) times on April 16, 2018, July 23, 2018, October 22, 2018 and January 23, 2019. The IC also met on May 3, 2019.

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	4	4
Mr. Arvind Mahajan	4	4
Mr. Ritesh Kumar	4	4
Mr. Samir H. Shah	4	4
Mr. Hiten B. Kothari (Appointed Actuary)	4	4
Mr. Abhiranjan Gupta (Chief Investment Officer)	4	4
Mr. Sanjay Mishra (Chief Risk Officer)*	3	3

*From April 16, 2018

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. During the year, the Committee was re-constituted to induct Mr. Samir H. Shah, Executive Director & CFO and Mr. Ameet P. Hariani, Independent Director as Members of the Committee.

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 the year, the RMC met four (4) times on April 16, 2018, July 23, 2018, October 22, 2018 and January 23, 2019. The RMC also met on May 3, 2019.

The composition of the RMC 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. Bernhard Steinruecke (Chairman)	4	4
Mr. Mehernosh B. Kapadia	4	4
Mr. Ameet P. Hariani*	2	2
Mr. Keki M. Mistry	4	4
Ms. Renu Sud Karnad	4	4
Mr. Theodoros Kokkalas	4	4
Mr. Samir H. Shah**	3	3
Mr. Anuj Tyagi ***	1	1
Mr. Ritesh Kumar	4	4

* From July 23, 2018; ** From June 26, 2018; *** Upto June 25, 2018

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

Policyholder Protection and Grievance Redressal Committee (PPGRC)

The Policyholder Protection and Grievance Redressal Committee comprises seven (7) members - two Independent Directors, two HDFC Nominees, one ERGO Nominee and two Executive Directors. During the year, the Committee was re-constituted to induct Mr. Samir H. Shah, Executive Director & CFO and Mr. Ameet P. Hariani, Independent Director as Members of the Committee.

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 the year, the PPGRC met four (4) times on April 16, 2018, July 23, 2018, October 22, 2018 and January 23, 2019. The PPGRC also met on May 3, 2019.

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*	2	2
Mr. Keki M. Mistry	4	4
Ms. Renu Sud Karnad	4	4
Mr. Alexander Ankel	4	4
Mr. Mukesh Kumar**	1	1
Mr. Anuj Tyagi	4	4
Mr. Samir H. Shah***	3	3

* From July 23, 2018; **Upto May 31, 2018; *** From June 26, 2018

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.

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

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee comprises six (6) members - three Independent Directors, two HDFC Nominees and one ERGO Nominee. The Chairman of the Committee is an Independent Director. During the year, the Committee was re-constituted to induct Mr. Arvind Mahajan, Independent Director as a Member of the Committee.

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 three (3) times on April 16, 2018, October 22, 2018 and January 23, 2019. The NRC also met on May 3, 2019.

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

Directors	No. of Meetings held during the tenure	No. of meetings attended
Mr. Mehernosh B. Kapadia (Chairman)	3	3
Mr. Bernhard Steinruecke	3	3
Mr. Arvind Mahajan *	2	2
Mr. Keki M. Mistry	3	3
Ms. Renu Sud Karnad	3	3
Mr. Alexander Ankel	3	3

* From July 23, 2018

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.

During the year, the Committee was re-constituted to induct Mr. Ameet P. Hariani, Independent Director and Mr. Anuj Tyagi, Executive Director & Chief Business Officer as Members of the Committee.

During the year, the Committee met four (4) times on April 16, 2018, July 23, 2018, October 22, 2018 and January 23, 2019. The CSR Committee also met on May 3, 2019.

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

Directors	No. of Meetings held during the tenure	No. of meetings attended
Mr. Mehernosh B. Kapadia	4	4
Mr. Deepak S. Parekh	4	4
Ms. Renu Sud Karnad	4	4
Mr. Theodoros Kokkalas	4	4
Mr. Mukesh Kumar *	1	1
Mr. Ameet P. Hariani **	2	2
Mr. Anuj Tyagi***	3	3

*Upto May 31, 2018; ** From July 23, 2018; *** From June 25, 2018

The CSR Policy of the Company inter-alia specifies the broad areas of CSR activities that could be undertaken by the Company, approach and process for undertaking CSR projects and the monitoring mechanism. The 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 (Corporate Social Responsibility Policy) Rules, 2014, as amended, is appended to the Board's Report.

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

Allotment Committee (AC)

The Allotment Committee comprises five (5) members – one Independent Director, two HDFC nominees, one ERGO nominee and the Managing Director & CEO. During the year, the Committee was re-constituted to induct Mr. Mehernosh B. Kapadia, Independent Director as a Member of the Committee.

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
Mr. Ritesh Kumar	Managing Director and CEO

*From May 28, 2018

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 350,250 equity shares pursuant to exercise of stock options under Employees Stock Option Plan – 2009.

Remuneration of Non-Executive Directors

The remuneration of Non-Executive Directors consists of sitting fees and commission. The details of sitting fees and commission paid to Non-Executive Directors is provided in Section VI (B) of Form MGT-9, appended to the Board's Report.

Whistleblower Policy

The Company promotes ethical behavior in all its dealings, business or otherwise and has put in place a Whistleblower Policy (Policy) for reporting of any illegal or unethical behaviour. The Policy is uploaded on the website of the Company. In terms of the Policy, any person including employees, vendors and customers may report violations of laws, or unethical/ improper conduct, malpractice, breach of Code of Conduct/ Policies to the Whistleblower Complaints Committee constituted for the purpose. The Policy provides for maintaining confidentiality of such reporting and ensures that the Whistleblowers are protected and not subjected to any discriminatory



practices. In respect of cases reported to the Committee appropriate disciplinary action has been taken.

During the year, no person was denied access to the Audit and Compliance Committee for expressing his 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.

On behalf of the Board of Directors

DEEPAK S. PAREKH

Chairman

(DIN: 00009078)

Mumbai

May 3, 2019

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
May 3, 2019

DAYANANDA V. SHETTY

Company Secretary &
Chief Compliance Officer

FCS: 4638

Management Discussion and Analysis Report

Macro-Economic Environment

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of 2018 on account of trade policy uncertainty which took its toll on business confidence, resulting in weakening of financial market sentiment. This slowdown in growth momentum of H2-2018, together with a persistent slowdown in developed economies, is expected to result in further moderation of global economic growth in 2019. The outcome of trade negotiations between China and the United States and concerns about China's growth outlook cast a further shadow over global economic prospects. China's growth is expected to slow down due to the combined effect of financial regulatory tightening and trade tensions. In case of a larger than anticipated slowdown of China, a broader worsening in financial market sentiment cannot be ruled out.

The Indian economy continued on its growth path this year. According to the estimates of Central Statistical Office (CSO), the GDP in FY 2018-19 grew by 7.0% in constant price terms as compared to 7.2% for FY 2017-18. The Service sectors continued to drive growth, with their 7.7% growth in FY 2017-18 followed by 7.3% growth in FY 2018-19. Manufacturing sector grew faster at 8.1% in FY 2018-19 compared to 5.9% growth in FY 2017-18, and managed to offset the impact of continued slowdown in agriculture, forestry and fishing sectors, growing at only 2.7% in FY 2018-19 after a 5.0% growth in FY 2017-18. The banking sector was back on course to recovery after prolonged period of stress and the Insolvency and Bankruptcy Code bridged an important institutional gap to strengthen the credit discipline. Currently, inflation conditions are benign, growth in bank credit remains robust and business expectations remain optimistic. The RBI estimates that growth for FY 2019-20 would further improve to 7.2% on account of various factors, including improved bank credit offtake, increase in financial flows to the commercial sector and robust private consumption. Deceleration in global trade and global GDP growth remain the downside risks to domestic economic activity.

General Insurance Industry

FY 2018-19 was another eventful year for the General Insurance industry. It was yet another year which witnessed a natural catastrophe in the form of Kerala floods in August 2018. Ayushman Bharat or the Pradhan Mantri Jan Arogya Yojana (PMJAY), one of the largest Government sponsored healthcare schemes in the world, was launched and became operational in different forms (insurance, trust and hybrid) in different states. The merger of three out of the four public sector insurers was announced in the Union Budget 2018, and this intent was again confirmed in the Interim Budget 2019.

Following the recommendations of the IMF and World Bank, IRDAI announced that it would create a roadmap for moving from 'compliance based' to 'risk based' supervision (RBS) of the Indian insurance sector. It also constituted a Committee to identify insurers whose failure has potential to disrupt the overall economic activity and to recommend enhanced supervision measures for them. In addition, the Government revised the operational guidelines for crop insurance which require an increased push on the use of technology in various processes, making the scheme more robust in the long term. The year also witnessed reinsurers exercising higher control on capacity and underwriting guidelines in crop insurance.

Perhaps the most significant development was in the motor insurance segment. Following an order from the Hon'ble Supreme Court of India, IRDAI introduced mandatory long term third party insurance for new two wheelers (five-year insurance) and private cars (three-year insurance) in order to address the issue of uninsured vehicles. This, along with the de-linking of the compulsory personal accident cover from motor insurance policies, changed the dynamics of the motor insurance market.

Segment wise growth and market share

During the year, the General Insurance industry grew by 12.9%, led by Health, Personal Accident and Crop segments. Health segment (at 20.6% growth) and Personal Accident segment (at 23.0% growth) witnessed strong growth largely on the back of improved insurance penetration, while the crop segment registered 11.7% growth. Motor segment grew slowly by 8.8%, on account of muted growth in domestic sales of passenger cars (2.7%) & two-wheelers (4.9%) and a nominal increase in the premium rates for the Motor Third Party segment. The corporate segment grew by 10.1% on a year-on-year basis, resulting in a growth rate of 13.1% for the industry excluding crop segment.

The segment wise composition of the industry for FY 2018-19 is as follows (figures in brackets represent composition for FY 2017-18): Motor 38% (39%), Accident & Health 30% (28%), Corporate lines 15% (16%) and Crop 17% (17%).

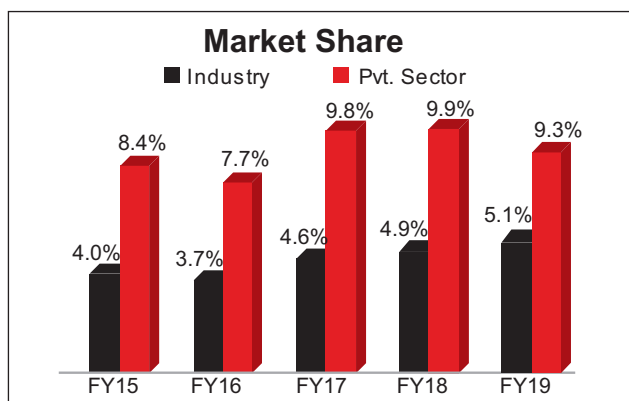
Insurer category wise growth and market share

During FY 2018-19, Private sector insurers (including the standalone health insurers) grew by 26%, while Public sector insurers (including the specialized insurers) remained flat. Private sector insurers grew faster than Public sector insurers across all segments (Motor, Accident & Health, Crop and Corporate).

As a result, the market share of Private sector insurers (including standalone health insurers) has increased from 49.0% in FY 2017-18 to 54.7% in FY 2018-19.

Performance Review

During the year, the Company improved its market share from 4.9% as at March 31, 2018 to 5.1% as at March 31, 2019. The gross written premium increased from ₹ 7,401.1 crore to ₹ 8,721.8 crore, resulting in a 17.8% growth. In line with its strategy, the focus on Motor, Accident and Health continued this year, and the product mix in Motor, Accident and Health, Corporate and Crop segments was at 35% (PY: 31%), 23% (PY: 22%), 18% (PY: 17%) and 24% (PY: 30%) respectively.



The figures for FY 15, FY 16 and FY 17 pertain to standalone erstwhile HDFC ERGO

The Company achieved a profit before tax (Before providing for diminution in value of investments) of ₹ 625.0 crore as compared to ₹ 513.3 crore during the previous year, representing a growth of 21.8%. This was driven by portfolio steering measures to improve underwriting profitability and tight control on operating expenses.

During the year, certain companies of the IL&FS Group were unable to make repayments to their lenders on the due dates. The Company also faced certain instances of such defaults and as such, IL&FS Group is yet to present a comprehensive resolution plan to the NCLT even as on date. In light of these developments, the Company took a conservative view and reversed the accrued interest and made provision for 100% of its principal exposure to IL&FS Group, in total amounting to ₹ 168.4 crore.

As a result, the Company registered a profit after tax of ₹ 383.0 crore as compared to ₹ 403.7 crore.

Retail Business Group (RBG)

RBG clocked overall growth of 27% during FY19, with gross written premium scaling to ₹ 4,913 crore (PY: ₹ 3,879 crore) and share of overall business increasing to 56% (PY: 52%).

Motor Line of Business registered an impressive growth of 33%, clocking premium of ₹ 3,009 crore (PY: ₹ 2,255 crore), increasing its share in overall RBG business to 34% (PY: 30%). The introduction of Motor Insurance Service

Provider (MISP) in FY18 and Long Term Motor Policy for newly registered private cars and two-wheelers in FY19 (Sep'18) has boosted the business potential of this class of business, relatively addressing the aspect of uninsured vehicles and simultaneously providing customers with wide-ranging service provider, insurer and insurance choices.

Non-motor Line of Business witnessed increased scale-up, registering an overall growth of 17% in FY19 and premium of ₹ 1,904 crore (PY: ₹ 1,624 crore). Within this ambit, Accident and Health business and Non-Accident and Health business achieved an overall growth of 14% and 44% respectively, furthering overall diversification of RBG business portfolio.

Bancassurance channel continued to contribute significant scale with GWP of ₹ 2,651 crore, growing at 18% over FY18 (PY: 30%), while the Agency, Automotive Practices and Direct businesses, consolidated, grew by 38% (PY: 15%) to ₹ 2,262 crore. Online business continued its strong growth in FY19 and now contributes 10% (PY: 7%) of RBG business.

During the year, Strategic Alliances Group gained 14 new affiliations that should aid achieving significant scale-up in coming years.

Corporate Business Group (CBG)

The corporate portfolio in general insurance continues to be competitive and volatile.

However, Fire portfolio witnessed a significant price correction effective March 1, 2019 since General Insurance Corporation (GIC) prescribed minimum rates in certain loss making occupancies, if the risk is to be ceded to its treaties. Fire being major component of corporate business, this would result in hardening of premium rates and the resultant positive outlook for the portfolio. Group Health and Marine portfolio still continues to be price sensitive. Liability lines have seen reasonable growth with demand for cyber insurance picking up amongst corporates.

The Company continues to build its corporate business book selectively focusing on channel as well as product diversification.

Broking channel is a key channel for corporate business and to harness its full potential, the Company is engaged with large and mid-segment brokers to create the portfolio spread. The contribution from broking channel to corporate business increased to 70% in FY19 from 64% in FY18.

Mid-market segment contribution to corporate business has doubled from 2% to 4%.

On Liability Business, the Company witnessed the highest growth rate amongst the major players.

In terms of new products distribution, the Company witnessed good growth on Extended Warranty and Trade Credit Insurance. During the year, the Company launched new Title Insurance which has created a completely new segment of business in the market. The product is still in a nascent stage and will see scaling going forward.

During FY 2018-19, CBG recorded a business growth of 30%, with GWP increasing from ₹ 1,312 crore in FY18 to ₹ 1,709 crore in FY19.

Rural and Agri Business Group (RABG)

Government of India announced a host of measures for sustainable farming in the agriculture sector. One amongst them is the Crop Insurance Scheme, Pradhan Mantri Fasal Bima Yojana (PMFBY) which was launched during 2016 with a goal of risk mitigation to farmers in the event of crop failure. With the aim to provide maximum insurance at minimum price for the benefit of farming community, the premium to be paid by farmer was capped.

Crop insurance under PMFBY aimed to support sustainable production in agriculture sector by way of :

- Providing financial support to farmers suffering crop loss/damage arising out of unforeseen events,
- Stabilizing the income of farmers to ensure their continuance in farming,
- Encouraging farmers to adopt innovative and modern agricultural practices,
- Ensuring flow of credit to the agriculture sector

Crop insurance provides indemnity to farmers from pre-sowing to post-harvesting stage, including the risks which are intermediate to insured crop i.e. prevented sowing, post harvest losses, mid season calamity payments, localized risks for existing standing crop cover in field. The scheme has completed the first 3 years of operation and has been able to reach an overall penetration level of ~30% of Gross Cropped Area. To increase the insured area further, the Government of India has improved the operational strength with increased push on marketing and visibility by awareness creation at grass root level, stringent monitoring on timely claims payment and creating infrastructure at almost every Tehsil level, to ensure local level support to the farmers.

The Company has been participating in Government sponsored Crop insurance scheme from 2010 onwards. During FY17, the first year of launch of new PMFBY scheme, the Company had covered more than 5 million farmers in 81 districts across 7 states. During FY18, the Company implemented the scheme in 8 states covering more than 2 million farmers. The Company has maintained a stable market share of about ~ 9-10% over the years and wrote a GWP of ₹ 2,100 crore in FY19.

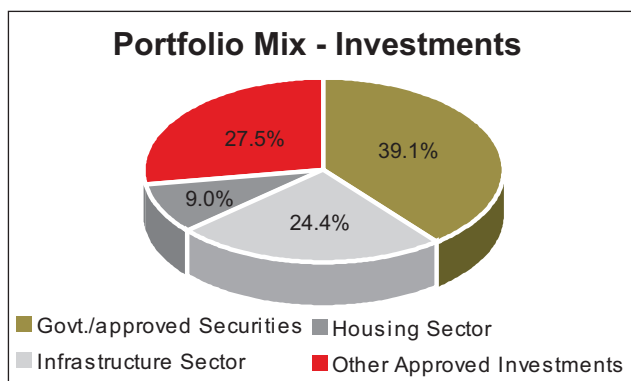
PMFBY and Restructured Weather Based Crop Insurance Scheme (RWBCIS) insurance contracts are awarded by the State Governments through a well defined tender process wherein clusters of districts are insured for notified crops by insurance companies basis specific tender guidelines. The clusters are designed such that geographical diversification is achieved. As per internal Underwriting guidelines, the Company tries to achieve geographical diversification by spreading across various agro climatic zones.

In order to create awareness of the Scheme in rural areas and increase penetration, the Company has updated or upgraded its website and call center support. Our webpage was adjudged as the best across the industry and was awarded as the best user friendly website by the Government of India. Besides, the Company conducted comprehensive marketing campaign through press releases, press/radio advertisement, farmer meetings, bankers workshops, banners, leaflets etc. The Company made investments for usage of satellite based yield forecasting and crop acreage estimation study, keeping in mind the thrust of Government of India on increasing usage of technology for timely and transparent claim settlement.

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 business of the Company, while keeping in perspective the regulatory framework. The Investment Policy mandate includes maintaining high degree of safety, optimizing returns and consistency of returns commensurate with the risk undertaken.

As on March 31, 2019, the Investment Assets of the Company stood at ₹ 9,104 crore (PY: ₹ 8,158.7 crore). The IRDAI (Investment) Regulations, 2016 requires Non-Life companies to invest 30% of their Investment Assets in Government and approved Securities, 15% in Infrastructure sector and Housing sector. The Company held ₹ 3,567 crore (39.1%) in Government securities, ₹ 3,051 crore (33.4%) in securities of the Infrastructure and Housing sector. The Company held 86% of its debt assets in Sovereign and AAA or equivalent rated assets, reflecting high degree of safety. Further, the Company held ₹ 907 crore in assets maturing within one year. The total investment income for the year ended March 31, 2019 was ₹ 719.6 crore.



Underwriting

For commercial lines of business such as Property, Engineering, Marine, Liability and Aviation, the market continues to remain soft due to excess capacity and increased competition, with more number of players entering the market.

In respect of Property class of business, the market remained soft for the first three quarters of the financial year. In the last quarter, the Company saw firming of rates specifically on the Act of God perils. The reinsurance markets also saw hardening of rates resulting in the direct market seeing upward movement of rates in certain specified occupancies with effect from March 1, 2019. This hardening of rates is being seen for the first time post de-tariffing. The Company has been able to register growth in this class of business, by writing new accounts as well as enhancing its share in existing ones.

As part of the Company's efforts to diversify the portfolio, the Company has been focusing on the small and medium risks segment. Technological solutions such as point of sale solutions, app-based risk inspection, etc. have been deployed to help achieve faster response times and better customer satisfaction and are expected to support the growth plans of the Company.

On Engineering line of business, the Company's growth is primarily dependent on project and construction risks. Due to several factors and the macroeconomic environment for new projects, capital additions by corporate customers had been subdued for most part of the year. Despite this, the Company was able to achieve robust growth in engineering insurance business.

On Liability line of business, the Company witnessed growth across products and channels. Cyber Insurance, Event Insurance and Professional Indemnity have been the key growth contributors for the year. Cyber Insurance, that the Company launched last year, has been well received by the market, however, the Company has followed a very cautious underwriting approach in view of new and unknown emerging risks in this sector. Traditional policies like Directors and Officers Liability, Employers Liability and

Commercial General Liability also saw a growth due to contractual requirements on account of increased focus on good governance and compliance.

On Marine insurance, the Company's focus has been to develop the business from agency and smaller brokers. The results have been positive as the growth of business is higher than the market rate of growth and the industry position has improved as compared to previous year.

In an effort to enhance the underwriting quality for commercial business, the Company has invested in training for underwriters, automation and analytics to help better identify the risks and segment them for appropriate pricing.

Claims Reserves

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, or under the direction of, 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 time, of what the Company expects the ultimate settlement of claims will cost.

The claims reserve for the Motor Third Party liability portfolio comprises significant proportion of the Company's total liability. The claims for Motor Third Party liability are characterised 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 Company's claims handling procedures, inflation, minimum wages, court decisions, legislative changes, customer behaviour, claims reporting delays etc. The ultimate reserves are adjusted with emerging claims experience.

The table below provides an overview of development of 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 information has been provided for recent 10 years. 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 year.

(₹ in crore)

Gross Paid Losses and Loss Adjustment Expenses										
As at March 31, 2019	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19
Estimated Ultimate Incurred liability at the of :	452	741	770	1,065	1,785	2,183	2,313	4,258	4,700	5,850
End of First year	284	411	424	548	924	1,020	1,300	1,430	1,962	2,913
One year later	373	597	637	840	1,416	1,590	1,806	3,055	3,307	
Two years later	412	641	705	903	1,541	1,754	2,011	3,496		
Three years later	425	663	725	948	1,613	1,845	2,141			
Four years later	430	677	739	973	1,666	1,916				
Five years later	434	692	749	1,006	1,710					
Six years later	443	702	762	1,025						
Seven years later	446	713	771							
Eight years later	447	722								
Nine years later	449									

(₹ in crore)

Gross Unpaid Losses and Loss Adjustment Expenses										
As at March 31, 2019	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19
End of First year	167	331	346	516	860	1,163	1,012	2,828	2,739	2,937
One year later	70	137	210	264	519	523	584	998	1,125	
Two years later	31	106	128	146	363	345	513	644		
Three years later	28	90	56	168	288	358	392			
Four years later	24	77	62	107	308	285				
Five years later	24	75	57	138	270					
Six years later	18	66	48	125						
Seven years later	19	66	47							
Eight years later	19	55								
Nine years later	21									

(₹ in crore)

Gross Incurred Losses and Allocated Expenses (Ultimate Movement)										
As at March 31, 2019	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19
End of First year	452	741	770	1,065	1,785	2,183	2,313	4,258	4,700	5,850
One year later	442	734	846	1,103	1,935	2,113	2,391	4,053	4,432	
Two years later	444	747	833	1,050	1,904	2,099	2,525	4,140		
Three years later	453	753	781	1,116	1,901	2,203	2,533			
Four years later	455	754	801	1,080	1,974	2,201				
Five years later	458	767	806	1,144	1,981					
Six years later	461	768	810	1,150						
Seven years later	465	779	819							
Eight years later	467	777								
Nine years later	470									

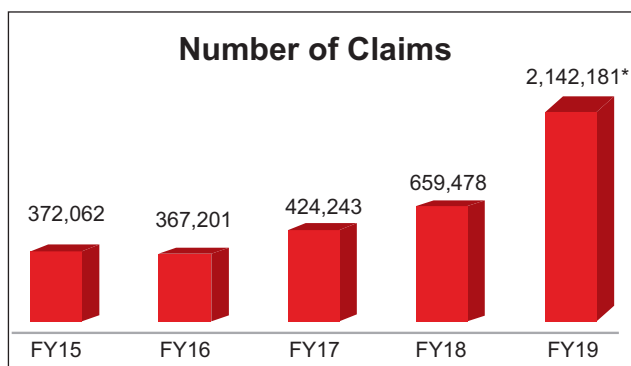
Note:

1. Pool claims are excluded from the above table.
2. For Crop and Weather Insurance class of business, Accident Year corresponds to the year in which Premium is received.
3. 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. Pranay Sethi (October 2017) and other legislative changes e.g. U/s 163(A) of The Motor Vehicle Act, 1988 has been allowed for in the claims ultimate.

Claim Service

The Company takes pride in having a fair and robust claims management practice. Following its core values, the Company has been able to provide equitable claims treatment to all its policyholders. Prompt response and quick claim settlement has helped in creating an atmosphere of trust. The Company has helped the insured manage their claims in a collaborative and mutually supportive manner.

The Company has been sensitive in addressing claims and in this regard measures taken include simplifying procedures, especially during natural calamities to ensure faster settlement. The Company continues to leverage technology for improving the turn-around-times (TAT) and customer convenience. In order to enhance the customer experience through consistency of decision making and foster response, the Company has been investing and scaling up the digital surveys initiatives. The Company is also investing in Artificial Intelligence (AI) for Motor OD claim and Health Claim.



The figures for FY 15, FY 16 and FY 17 pertain to standalone erstwhile HDFC ERGO

*Increase in number of claims mainly due to every farmer's claim being counted separately.

Reinsurance

The Company's reinsurance programme 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 ceded 5% of its business to General Insurance Corporation of India (GIC).

The Company had a successful reinsurance renewal for FY19. There were few risk losses and no major CAT events during FY18. The FY20 renewal saw significant hardening of premium on account of Kerala floods.

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

Operations, Technology and Customer Experience Management

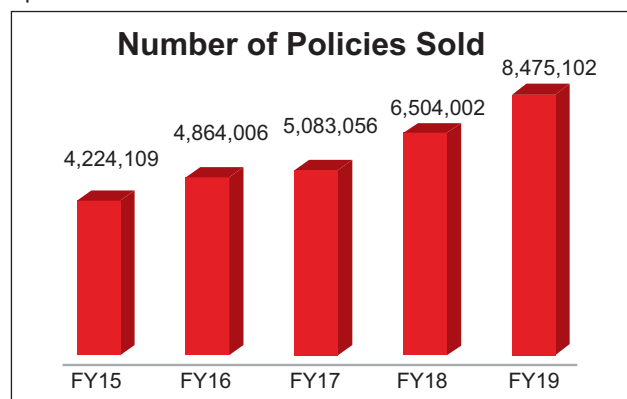
In this era where India is pegged as the second largest population using Internet, with estimates of about 635.8 million internet users by 2021, digital is the way forward and would be a game changer across the Industry. Embracing this shift in preference, the Company invested in providing a seamless digital journey for the customers and has had a complete revamp of its website. The new website is interactive and gives better access to information about the Company, product offering and service modules. Focus was on the User Interface (UI) and User Experience (UX), along with a fresh look with a minimalistic approach. The purchase journey has been optimized with minimal input details which has reduced the time for premium quotations and enhanced the entire purchase process.

Deep analysis of customer queries helped us in developing multiple scenario based Interactive Voice Response (IVR) options for customers calling at call center. This has helped us optimize the process and save customer's time by providing self help options and instant fulfillment for the customer requirements "on call".

Understanding the pulse of rural customers, the Company developed a Pradhan Mantri Fasal Bima Yojna (PMFBY) website, providing content in the local languages, in a user friendly way, with ease of access, transparency and detailed information.

The Department of Agriculture, Government of India awarded 1st Prize to our website for various features of the website.

The Company's focus on digital adoption by channel partners and customers has helped improve digital policy issuance to a 95% level during the year. The Company's self service portal was further enriched with more self service features added. This has improved adoption of self service portal by customers. This increased adoption has helped achieve better customer experience and operational efficiencies.



The figures for FY 15, FY 16 and FY 17 pertain to standalone erstwhile HDFC ERGO

The Company is now focusing on using ICR (Intelligent Character Reading) technology to read the customer information captured in various forms. Usage of technology has not only helped in improving the turnaround time but also helped in improving accuracy significantly.

For persistence, accuracy and speed, the Company is moving towards the use of Artificial Intelligence (AI); an intelligent way of handling various customer scenarios and using the big data in a more systematic and productive way. The Company deployed AI enabled customer facing chat Bot 'DIA' and 'Alexa' on Amazon's cloud based voice service. The Company successfully deployed Robots to assist policy issuance process and claims. The Company's email Bot powered by IBM Watson is helping respond customer emails in an automated mode. The Company continues to explore such emerging technologies and deploy for better customer experience.

As the Company's focus is on developing technology in line with the customer's need, an online personalized informative portal, 'Know Your Policy' was conceived, where customers can read and understand their policy details. The content of portal has been designed keeping in mind the complexity of insurance jargons and decode the concepts of Insurance. Personalized policy coverage, exclusions, add-ons etc are clearly stated. Customers can also avail various services like renewal, claim, endorsement, policy copy etc. To cater to various wellness needs of the customers, the Company enhanced the mobile application, Insurance Portfolio Organizer (IPO) with various Wellness features like Counseling Services, Appointments with Doctors/Diagnostic Centres, BMI Calculators, Vaccination Reminders, Nutrition and Diet Planning etc.

The fact that 93% of all communication is visual, the Company is using the Videotize technology to increase the customer's awareness and knowledge. Insurance being a complex product, customers find it difficult to understand policy coverage and exclusions. To overcome this gap, a video explaining the details of specific policy with explanatory visuals and illustrative graphics are sent to customers.

With the launch of complete online claim journey, the customer can view his entire claims process, right from intimation to status tracking and payments. Automated alerts have facilitated the claim process, for both customer and the Company.

The Company's belief and commitment to information and data security of its policyholder is embodied in its Information Security Management Framework. The framework is built on strong foundation of robust policies,

procedures with measures and controls across the Company. The Company has received reaffirmation of **ISO 27001-2013** certification during the year. As part of Cyber Security Framework Implementation, the Company strengthened security by implementing various controls across the organization to protect from various Cyber threats.

The Company is determined to work beyond the customer's expectation and provide next level of customer experience. The Company has deployed latest cutting edge technology for providing customer services. Artificial Intelligence, Robotics, Machine Learning has improved the customer's satisfaction many fold by optimizing the processes thereby cutting timelines substantially for quicker and faster servicing.

The Company's drive to empower customers with self-service and increased technology usage, has resulted in an overall improvement in **Productivity, Net Promoter Score (NPS)** and **Superior Customer Experience**.

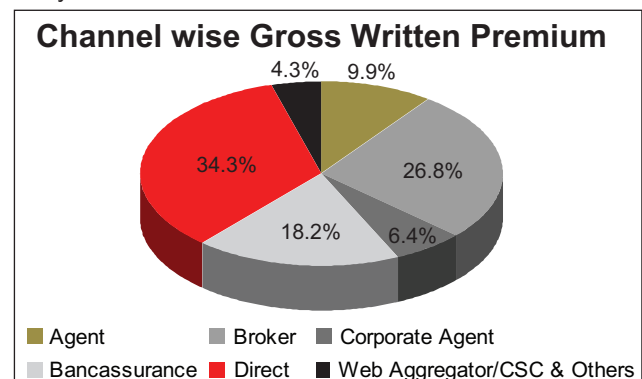
Distribution Network

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

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

The retail business grew through all channels – Bancassurance, Agency and Direct, across geographies.

The Company continues to focus on growth across its Bancassurance, Agency, Broking and Direct channels and on growing the share of its retail business from small cities. Online sales and Common Service Centre (CSC) continue to be the Company's focused alternate channels for distribution. As on March 31, 2019, the Company had 13,675 Agents, 2,100 Auto distributor, 10 Banks, 32 NBFCs, which makes the distributor reach fairly diversified.



Human Resources (HR)

For the Company, its employees are the most important assets for its success. To continue to enable the business

growth, the Company increased its manpower strength from 2,975 in FY18 to 3,391 in FY19. The Company follows the principle of consistent and transparent HR practices with people at the centre of decision making.

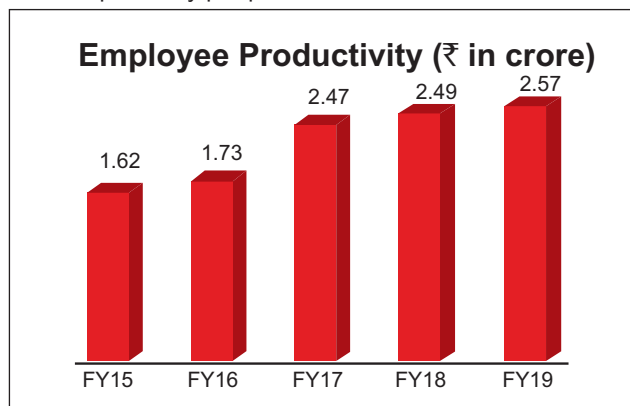
The Human Resources witnessed a year with emphasis on improving internal efficiencies to align with the organizational goals and several initiatives were undertaken to foster happiness at work, hire the right talent, retain the best talent and integrate them seamlessly into the Company's fold and nurture talent through robust recognition and learning programmes.

In order to ensure process efficiencies, the Company continued automation in areas of HR operations. *HR Suvidha* was set up to improve accessibility and query response time. *HR Buddy*, a constant companion of every employee was also launched.

The Company set up "SEED Awards", a recognition platform to appreciate employees demonstrating the Company's values of **Sensitivity, Excellence, Ethics and Dynamism**.

An Internal Customer Satisfaction Survey was conducted during the year with the clear intent to build synergies within different teams and work as One Team and the survey depict significant improvement in the team's scores. The Company has been certified as *Great Places to Work* which is a reflection of the Company's constant endeavor in building and sustaining a High-Trust, High-Performance Culture in the organization. The Company aims to be in Top 10 places to work in General Insurance industry.

The Company continues to grow and focus on areas of digital solutions; HR innovation, business partnering and most importantly people connect.



The figures for FY 15, FY 16 and FY 17 pertain to standalone erstwhile HDFC ERGO

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 risk, 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 exposure is conducted based on the impact and the likelihood of the occurrence of the risk.

The Company's Investment Function is overseen by the Investment Committee constituted by the Board of Directors. The Board approved Investment Policy and the Standard Operating Guidelines provides the framework for management and mitigation of the risks associated with investments. The investment portfolio and its performance is comprehensively reviewed by the Investment Committee and the Board of Directors at its quarterly meetings.

The Company also assigns high 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 Internal Audit function is an independent function of the Company. Risk based audits of processes and branches are conducted as per Annual Audit Plan approved by the Audit and Compliance Committee. 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 Audit and Compliance Committee on a quarterly basis. Significant findings are tracked and monitored to confirm implementation on remediation plans.

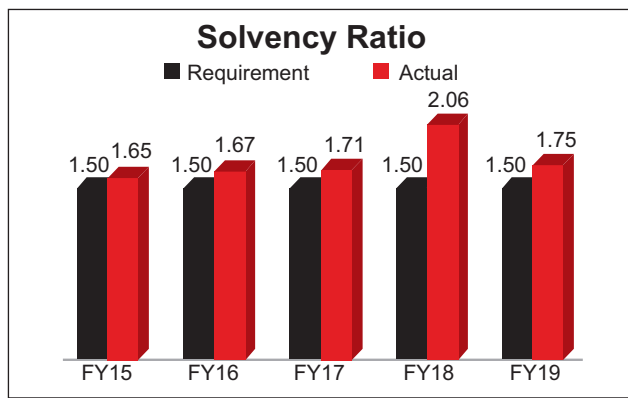
Risk and Loss Mitigation

The Company has a designated Risk and Loss Mitigation Unit (RLMU) which implements the Fraud Management Framework of the Company. RLMU investigates claims suspected to be fraudulent, filing of Police complaints against the fraudsters, handling related legal matters, recovery of assets etc. Cyber and Forensic expertise are utilized while investigating the important cases. RLMU leverages technology extensively whereby it uses Automated Fraud Trigger Systems to red flag suspicious claims dynamically on a real time basis. In addition, analytical tools and other applications are used for identifying and investigating frauds. The function is ISO 9001:2015 certified.

Solvency

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

As on March 31, 2019, the Company had a solvency ratio of 1.75 as against the minimum regulatory requirement of 1.50. [Available Solvency Margin (ASM) ₹ 2,217.0 crore and Required Solvency Margin (RSM) ₹ 1,265.9 crore].



The figures for FY 15, FY 16 and FY 17 pertain to standalone erstwhile HDFC ERGO.

Future Outlook

While the industry has grown at a CAGR of 17% over the last 18 years, the insurance penetration as % of GDP as of 2017 was at 0.93%, which continues to represent an opportunity for improving the penetration vis-à-vis comparable economies and continues to attract new entrants in the market.

Low insurance penetration levels across retail lines such as Motor, Accident, Health, Home, asset creation potential in commercial lines and improved insurance awareness shall continue to provide growth opportunities for the industry over the medium term.

The recent regulatory changes are expected to, at one end, nudge the insurers to make their processes and risk management frameworks more robust, while the competitive intensity continues to increase at the other end. These developments, together with the strengthening of the regulatory supervision structure from 'compliance based' to 'risk based' is expected to benefit the customers in the long run.

The Company believes that the recent regulatory changes and the measures to provide impetus to the economy will result in strong growth and improve the profitability of the 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. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

A. CSR Policy

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

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

B. Organization setup

The CSR projects are implemented under the guidance of the CSR Committee of Directors, which presently comprises six (6) Directors. The Company also has a Sub-Committee of CSR (SC-CSR) comprising of the Senior Management team including Executive Directors.

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

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

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. At least 70% of the amount earmarked for CSR activities is spent in these areas under the 'Gaon Mera' initiative. The balance 30% funds are spent on other CSR activities.

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
- (iii) Proposals/requests from registered and specialized body seeking financial assistance for carrying out specific CSR initiatives, subject to the condition that it fulfills the criteria as prescribed in the statute in this regard.

iii. Implementation Methodology

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

The details of major CSR initiatives undertaken by the Company during the financial year 2018-19 are given below :

I. Gaon Mera School Reconstruction & Development Project in 3 Identified Villages

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

The Company has selected villages through an internal employee nomination program in 3 states of India namely Andhra Pradesh, Odisha and Uttar Pradesh. Under "Gaon Mera FY19", the Company adopted three villages namely Agrapharam, Anantpur District in Andhra Pradesh, Pandiya Pathar, Ganjam District in Odisha and Tandia, Varanasi District in Uttar Pradesh and 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. The expenditures on these projects shall be partly met from CSR spend of FY19 and balance shall be met from CSR spend of FY20.

II. Community Hall Construction Work in Kullu, Himachal Pradesh under Gaon Mera Program

The Government Primary School located in Sarsai Village, Kullu District, Himachal Pradesh was adopted in FY17 for School Reconstruction Program under Gaon Mera wherein the Company had built a new school building in 2017. Subsequently, the Company received a request from the School Authority and Gram Panchayat for building a Community Hall in the same building and the Company took up the construction of Community Hall as part of CSR for FY19 involving an expenditure of ₹ 41 Lacs.

Charities Aid Foundation (CAF India) is working as an Implementation Partner for above activities. CAF India has partnered with the following organizations for the school re-construction and development projects:

- I. Anchalika Jana Seva Anusthan (AJSA) for Government School Reconstruction Project in Pandiya Pathar, Ganjam District, Odisha,

- II. Vinoba Sewa Ashram (VSA) for Government School Reconstruction Project in Tandia, Varanasi District, Uttar Pradesh, and
- III. PHD Rural Development Foundation (PHD RDF- New Delhi) for Community/Assembly Hall Construction Work in Sarsai Village, Kullu District, Himachal Pradesh.

The main objective of the program is to address the need for sustainable educational infrastructure, support system for rural development and holistic advancement of education in the communities. The broad goal of the project is to evolve a model of integrated school development which later on can be scaled up and replicated in different locations. The project will work towards sustainable development in core focus education area while maintaining inherent socio-cultural fabric of the village.

Preliminary evaluation in the start-up phase has been undertaken by CAF India 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.

III. PAN India Rural Health Checkups

The Company is taking an initiative to focus upon the rural area and to create awareness towards their health, hygiene and vision related issues. The main objective of this program is to create first level of health awareness in rural areas / villages where presently there is low access to basic medical checkups. Through these Medical Camps, the Company aims to spread awareness on the medical issues that a person might be having but, is unaware.

The broad goal of the project is to evolve a model of integrated health system by initiating these health checks which can be the platform for further medical intervention. This can be taken up by appropriate Government authorities thereby improving the overall health index

of the villages adopted by the Company for health camps. The personal risk assessment screening the vital parameters indicative of preventable and avoidable chronic health-risks that have high burden of morbidity, mortality and disability amongst a selected population helps form a baseline for further interventions for adults at risk as well as help those not-at-risk or borderline-risks to receive sufficient inputs to minimize or avoid future risks. Health Screening activity has been carried out in the most accessible, easy and rapid manner. The health checkup included tests like Anthropometry (Basic body measurements like height, weight, hip, waist, mid arm circumference), Blood Pressure, Pulse, ECG, Baseline Temperature, Oxygen Saturation and Vision tests. In this initiative, the Company has covered 13,642 villagers across 5 States, 16 Districts and 210 Villages. The States covered for the Health Check Up camps are Andhra Pradesh, Assam, Chhattisgarh, Madhya Pradesh and Rajasthan.

2. Composition of the CSR Committee

1.	Mr. Deepak S. Parekh	Non - Executive Director
2.	Mr. Mehernosh B. Kapadia	Independent Director
3.	Mr. Ameet Hariani	Independent Director
4.	Ms. Renu S. Karnad	Non - Executive Director
5.	Mr. Theodoros Kokkalas	Non - Executive Director
6.	Mr. Anuj Tyagi	Executive Director & Chief Business Officer

- 3. **Average net profit of the Company for last three financial years:** ₹ 172.55 crore
- 4. **Prescribed minimum CSR Expenditure (two percent of the amount as in item 3. above):** ₹ 3.45 crore
- 5. **Details of CSR spent during the financial year:**
 - (a) Total CSR amount to be spent for the financial year: ₹ **3.45 crore**
 - (b) Amount spent during the year: ₹ **4.01 crore**
 - (c) Amount unspent, if any: NIL

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

1	2	3	4	5	6	7	8
Sr. No	Projects / Activities	Sector	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken (District (State))	Amount outlay (budget) project or programs – wise (₹)	Amount spent on projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹)	Cumulative expenditure up to the reporting period (₹)	Amount spent: Direct or through implementing agency
1	Reconstruction of Govt. School in 1 village under Gaon Mera FY18	Education	Machala, Jalgaon Maharashtra	7,158,944	Direct expenditure - 263,237 Overhead - Nil	6,706,287	Through implementing partner CAF-India.
2	Beautification & Plantation FY18 Project	Environment	Mumbai, Maharashtra	4,039,019	Direct expenditure - 529,510 Overhead - Nil	4,039,019	Through implementing partner CAF-India.
Total - Pertaining to FY18					792,747		
3	Reconstruction of Govt. School in 3 villages under Gaon Mera FY19	Education	Agraharam, Anantpur, Andhra Pradesh	10,796,101	Direct expenditure - 6,477,661 Overhead - Nil	6,477,661	Through implementing partner CAF-India.
4			Pandiya Pathar, Ganjam, Odisha	11,433,911	Direct expenditure - 6,860,347 Overhead - Nil	6,860,347	
5			Tandia, Varanasi, Uttar Pradesh	9,935,540	Direct expenditure - 5,961,324 Overhead - Nil	5,961,324	
6			Sarsai, Kullu, Himachal Pradesh	4,124,821	Direct expenditure - 2,474,893 Overhead - Nil	2,474,893	
7	PAN India Rural Health Check up Camp	Health care	Covered in 210 villages in 16 Districts of 5 States namely Andhra Pradesh, Assam, Chattisgarh, Madhya Pradesh, Rajasthan	3,492,800	Direct expenditure - 3,452,203 Overhead - Nil	3,452,203	Direct
8	Beautification & Plantation at 3 traffic islands	Environment	Mumbai, Maharashtra	3,300,000	Direct expenditure - 3,287,417 Overhead - Nil	3,287,417	Through implementing partner CAF-India.
9	Pollution mask distribution to Government Schools	Health Care	10 Government schools in Delhi State	500,000	Direct expenditure - 247,614 Overhead - Nil	247,614	Direct
10	Supporting equitable opportunities to under privilege girl children through UMEED 1000 Cyclothon 2018	Education	Udbhav School, Hyderabad, Telangana	600,000	Direct expenditure - 551,000 Overhead - Nil	551,000	Direct
11	Supply of free Sanitary Napkins to Girl child in rural/semi-urban areas	Health Care	PAN India	5,000,000	Direct expenditure - 5,000,000 Overhead - Nil	5,000,000	Through CSC Academy
12	Donation to 3E Education Trust for purchasing school bus	Education	Bangalore, Karnataka	4,000,000	Direct expenditure - 4,000,000 Overhead - Nil	4,000,000	Direct
13	Financial assistance and extending co-guardianship to special adults of ADHAR	Health care	Mumbai, Maharashtra	1,800,000	Direct expenditure - 1,800,000 Overhead - Nil	1,800,000	Through Association of Parents of Mentally Retarded Children, Mumbai (ADHAR)
TOTAL – CSR spend-FY19					40,112,459		

As against required CSR spend of ₹ **34,510,682** during FY 2018-19, the Company spent ₹ **40,112,459** which has been fully disbursed.

In respect of three Government school reconstruction and Community Hall construction project, the total estimated outlay is ₹ **36,290,373** out of which ₹ **21,774,225** has been disbursed and considered as CSR spend of FY19. The balance amount will be spent and disbursed in FY20 and considered as CSR spend of FY20.

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

sector knowledge and experience to take 'Giving' further. CAF India has more than a decade long proven track record of conducting due diligence of non-government organizations across India and has gained the trust of many individuals, national and transnational companies, foundations and institutions. CAF India has a wide range of 'Giving' solutions which include corporate giving, Give as You Earn, Individual giving etc. CAF India has an impeccable record of serving large multinationals, Public Sector Undertakings, Indian commercial giants by delivering their CSR commitments successfully.

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

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

Mehernosh B. Kapadia
(Member - CSR Committee)
(DIN: 00046612)



FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products/ services	NIC Code of the product/ service	% to total turnover of the Company
1	Weather/Crop Insurance	General Insurance (Non-Life) 6512 (sub-class 65120)	24.07%
2	Motor OD Insurance	General Insurance (Non-Life) 6512 (sub-class 65120)	18.75%
3	Motor TP Insurance	General Insurance (Non-Life) 6512 (sub-class 65120)	16.34%
4	Health Insurance	General Insurance (Non-Life) 6512 (sub-class 65120)	14.66%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Housing Development Finance Corporation Limited Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai - 400 020	L70100MH1977PLC019916	Holding	50.492	2(46)

IV. SHARE HOLDING PATTERN

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individual/ HUF	—	—	—	—	—	—	—	—	—
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp.	305,409,928	60	305,409,988	50.475	305,691,738	—	305,691,738	50.492	0.017
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any Other	—	—	—	—	—	—	—	—	—
Sub-total (A)(1):	305,409,928	60	305,409,988	50.475	305,691,738	—	305,691,738	50.492	0.017
2. Foreign									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
b) Other - Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corp	292,202,312	—	292,202,312	48.292	292,202,312	—	292,202,312	48.264	(0.028)
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) Any Other	—	—	—	—	—	—	—	—	—
Sub-total (A)(2):	292,202,312	—	292,202,312	48.292	292,202,312	—	292,202,312	48.264	(0.028)
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	597,612,240	60	597,612,300	98.767	597,894,050	—	597,894,050	98.757	(0.011)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	—	—	—	—	—	—	—	—	—
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-total (B)(1):	—	—	—	—	—	—	—	—	—
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	—	—	—	—	—	—	—	—	—
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	69,250	—	69,250	0.012	77,500	—	77,500	0.013	0.001
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	7,390,250	—	7,390,250	1.221	7,450,500	—	7,450,500	1.231	0.010
c) Others	—	—	—	—	—	—	—	—	—
Sub-total (B)(2):	7,459,500	—	7,459,500	1.233	7,528,000	—	7,528,000	1.244	0.011
Total Public Shareholding (B) = (B)(1) + (B)(2)	7,459,500	—	7,459,500	1.233	7,528,000	—	7,528,000	1.244	0.011
C. Shares held by Custodian for GDRs & ADRs									
	—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)	605,071,740	60	605,071,800	100.00	605,422,050	—	605,422,050	100.00	—*

*During the year, the Company allotted 350,250 equity shares of ₹ 10 each under ESOP-2009.

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
		No. of Shares	% of Total Shares	% of Shares Pledged / encumbered to Total Shares	No. of Shares	% of Total Shares	% of Shares Pledged / encumbered to Total Shares	
1	Housing Development Finance Corporation Limited	305,409,988	50.475	—	305,691,738	50.492	—	0.017
2	ERGO International AG	292,202,312	48.292	—	292,202,312	48.264	—	(0.028)
	Total	597,612,300	98.767	—	597,894,050	98.756	—	(0.011)

(iii) Change in Promoters' Shareholding

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding	
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1	Name of Promoter: Housing Development Finance Corporation Limited – Indian Promoter				
	At the beginning of the year	305,409,988	50.475	305,409,988	50.475
	Date wise Increase/Decrease in Shareholding during the year				
	Purchase of shares from employees under ESOP-2009 in July, 2018	138,250	0.045	305,548,488	50.469
	Purchase of shares from employees under ESOP-2009 in February, 2019	143,500	0.046	305,691,738	50.492
	At the end of the year	—	—	305,691,738	50.492
2	Name of Promoter: ERGO International AG – Foreign Promoter				
	At the beginning of the year	292,202,312	48.292	292,202,312	48.292
	Date wise Increase/Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	—	—	292,202,312	48.264

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

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date wise Increase/Decrease		Cumulative Shareholding		Shareholding at the end of the year	
		No. of Shares	% of Total Shares	No. of Shares allotted under ESOP on May 31, 2018	% of Total Shares	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1	Mukesh Kumar*	493,500	0.082	27,500	0.004	521,000	0.086	521,000	0.086
2	Ankur Bahorey*	455,000	0.075	17,500	0.002	472,500	0.078	472,500	0.078
3	Mehmood Mansoori*	387,500	0.064	—	—	—	0.006	387,500	0.064
4	Subramanian Gopalakrishnan*	337,500	0.056	—	—	—	0.055	337,500	0.056
5	Karan Chopra*	322,500	0.053	17,500	0.003	357,500	0.059	340,000	0.056
6	Diwakar Asthana*	200,000	0.033	(20,000)^	0.003	180,000	0.029	180,000	0.030
7	Atul Gujrathi*	199,000	0.033	—	—	—	—	199,000	0.033
8	Abhiranjan Gupta*	164,000	0.027	8,000	0.013	172,000	0.028	172,000	0.028
9	Kailashchandra Panda*	144,250	0.024	4,250	0.007	148,500	0.024	148,500	0.025
10	Ashish Hallan*	133,000	0.022	—	—	—	—	133,000	0.022
11	Gopalakrishnamurty Gorugantu#	113,500	0.019	33,500	0.006	147,000	0.024	147,000	0.024

*Common top 10 shareholders as on April 1, 2018 and March 31, 2019; # Top 10 shareholder as on March 31, 2019; ^ Sale by employee

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year		Date wise Increase/ Decrease		Cumulative shareholding		Shareholding at the end of the year	
		No. of Shares	% of Total Shares	No. of Shares allotted under ESOP on May 31, 2018	% of Total Shares	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1	Ritesh Kumar - MD & CEO	969,500	0.160	32,500	0.005	1,002,000	0.166	1,002,000	0.166
2	Mukesh Kumar – Executive Director*	493,500	0.082	27,500	0.004	521,000	0.086	521,000	0.086
3	Anuj Tyagi – Executive Director & Chief Business Officer	486,000	0.080	20,000	0.003	506,000	0.084	506,000	0.084
4	Samir H. Shah – Executive Director & CFO #	486,000	0.080	–	–	486,000	0.080	486,000	0.080
5	Dayananda V. Shetty- Company Secretary & Chief Compliance Officer	33,000	0.005	33,000	0.005	66,000	0.011	66,000	0.011

*Retired with effect from June 1, 2018 # Appointed as Executive Director with effect from June 1, 2018

V. INDEBTEDNESS

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

(₹ in crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	350.00	–	350.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	10.14	–	10.14
Total (i+ii+iii)	–	360.14	–	360.14
Change in Indebtedness during the financial year				
i) Addition	–	–	–	–
ii) Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year				
i) Principal Amount	–	350.00	–	350.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	10.14	–	10.14
Total (i+ii+iii)	–	360.14	–	360.14

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTOR AND/OR MANAGER:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total
		Ritesh Kumar (Managing Director & CEO)	Anuj Tyagi (Executive Director & Chief Business Officer)	Samir H. Shah (Executive Director & CFO)	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	60,437,088	21,365,671	18,390,276	100,193,035
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 [^]	3,895,530	792,361	644,075	5,331,966
	(c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	—	—	—	—
2	Number of Stock Options granted during the year	—	—	—	—
3	Sweat Equity	—	—	—	—
4	Commission				
	— As % of profit	—	—	—	—
	— Others, specify	—	—	—	—
5	Others, please specify	—	—	—	—
	Total (A)	64,332,618	22,158,032	19,034,351	105,525,001
	Ceiling as per the Act	Refer Note 1			

[^]Excludes value of perquisites upon exercise of stock options granted during earlier financial years. For grant of stock options requisite approval of IRDAI was obtained during the respective years, as applicable.

B. REMUNERATION TO OTHER DIRECTORS

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors					Total
		Bernhard Steinruecke	Mehernosh B. Kapadia	Jagdish Khattar*	Arvind Mahajan	Ameet P. Hariani	
1	Independent Directors						
	• Fee for attending Board/Committee meetings	1,800,000	2,200,000	—	2,100,000	1,100,000	7,200,000
	• Commission	1,000,000	1,000,000	43,836	1,000,000	709,589	3,753,425
	• Others, please specify	—	—	—	—	—	—
	Total (1)	2,800,000	3,200,000	43,836	3,100,000	1,809,589	10,953,425
		Deepak S. Parekh	Keki M. Mistry	Renu Sud Karnad			
2	Other Non – Executive Directors						
	• Fee for attending Board/Committee meetings	900,000	2,500,000	2,000,000	—	—	5,400,000
	• Commission	—	—	—	—	—	—
	• Others, please specify	—	—	—	—	—	—
	Total (2)	900,000	2,500,000	2,000,000	—	—	5,400,000
	Total (B) = (1+2)	3,700,000	5,700,000	2,043,836	3,100,000	1,809,589	16,353,425
	Total remuneration to Non-executive Directors, excluding sitting Fee (Refer Note – 2)						3,753,425
	Ceiling as per the Act (Refer Note – 2)						38,298,770
	Total Managerial Remuneration						118,570,926
	Overall Ceiling as per the Act	Refer Note 1 & 2					

*Resigned with effect from April 16, 2018

Note – 1: In terms of the provisions of Section 34A of the Insurance Act, 1938, the provisions relating to ceiling on managerial remuneration as prescribed under the Companies Act, 2013 shall not apply to any matter in respect of which the approval of IRDAI has been obtained. The appointment of the Managing Director and CEO and the Executive Directors and payment of remuneration thereof was approved by IRDAI.

Note – 2: In terms of the provisions of the Companies Act, 2013, remuneration payable to non-executive directors shall not exceed 1% of the net profits, excluding sitting fees.

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	Total
		Dayananda V. Shetty (Company Secretary)	
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	7,206,458	7,206,458
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 [^]	345,300	345,300
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	—	—
2	Number of Stock Options granted during the year	—	—
3	Sweat Equity	—	—
4	Commission	—	—
	— As % of profit	—	—
	— Others, specify	—	—
5	Others, please specify	—	—
	Total	7,551,758	7,551,758

[^]Excludes value of perquisite upon exercise of stock options granted during earlier financial years.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Secretarial Audit Report for the Financial Year Ended 31st March, 2019

[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, 2019** 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, 2019 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 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 no specific events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari
Partner

Mumbai
May 3, 2019

FCS No: 761; C P No. : 366

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, 2019 of even date is to be read along with this letter.

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

For Bhandari & Associates
Company Secretaries

S. N. Bhandari
Partner

FCS No: 761; C P No. : 366

Mumbai
May 3, 2019

Independent Auditors' Report

TO THE MEMBERS OF HDFC ERGO GENERAL INSURANCE COMPANY LIMITED
(formerly known as HDFC General Insurance Limited)

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **HDFC ERGO GENERAL INSURANCE COMPANY LIMITED** (formerly known as HDFC General Insurance Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account for the year ended March 31, 2019 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 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") 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:

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2019;
- ii. in the case of the Revenue Accounts, of the operating profit in so far as it relates to the Fire Revenue Account and the Miscellaneous Revenue Account and the operating loss in so far as it relates to the Marine Revenue Account for the year ended on March 31, 2019;
- iii. in the case of the Profit and Loss Account, of the profit for the year ended on March 31, 2019; and
- iv. in the case of the Receipts and Payments Account, of the receipts and payments for the year ended on March 31, 2019

Basis for opinion

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

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

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

Key Audit Matters

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

Independent Auditors' Report (Continued)

Key Audit Matter Description: -	How the key audit matters are addressed: -
<p>1) Valuation of Investments:</p> <ul style="list-style-type: none"> The carrying value of Investments represent 78.97% of 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 9 to these financial statements) we 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 and Preparation of Financial Statement Regulation. The Company has inter <i>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 macro-economic 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 of the Company. Further, the assessment of impairment involves significant management judgment. 	<ul style="list-style-type: none"> To ensure that the impairment provision considered in the financial statements is adequate, we performed the following procedures: Tested the management oversight and controls over valuation of investments. Independently test-checked valuation of unquoted investments, Reviewed the Company's impairment policy, and assessed the adequacy of its impairment charge on investments outstanding at the year end. Accordingly based on our audit procedures, we noted no reportable matters regarding investments and its valuation.
<p>2) Provision for bad & doubtful debts relating to receivables from other insurance companies (Including Government Receivables) and agent balances:</p> <ul style="list-style-type: none"> Premium receivable from other insurer (including reinsurer) amounts to ₹ 191.49 Crores towards which provision for doubtful debts amounts to ₹ 3.01 Crores. Premium receivables (Outstanding premium) from Central Government and State Government is ₹ 597.76 Crores and ₹ 567.27 Crores respectively towards which the provision is Nil. Agent balances outstanding ₹ 0.10 Crores [Reference- Schedule 12 of financial statements] Due to the significance of the amount and judgment involved in assessing the recoverability of dues, this has been considered as key audit matter. 	<ul style="list-style-type: none"> 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. Our audit procedure included the following: Evaluation and testing of controls over the recording, monitoring and ageing of outstanding premium, dues from other insurance companies. Evaluating the adequacy of the process of reconciliation followed by the Company with respect to amounts due from other insurance Companies. 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. Based on our audit procedures and evidences obtained, we noted that the provisions made against doubtful receivables are adequate to cover probable credit losses.

Independent Auditors' Report (Continued)

3) Provisions and contingent liabilities:	
<ul style="list-style-type: none"> As of 31 March 2019, the Company has disclosed pending litigations arising out of matters relating to Income tax and Service tax as contingent liabilities of ₹ 25.51 Crores (Refer Note No. 3 of the financial statement) The assessment of the existence of the present legal obligation, analysis of the probability of the related payment and analysis of a reliable estimate, requires management's judgement to ensure appropriate accounting or disclosures. Due to the level of judgement relating to recognition, presentation of provisions and contingent liabilities in respect of pending litigations, this is considered to be a key audit matter. 	<ul style="list-style-type: none"> As part of our audit procedures we have assessed management's processes to identify new possible obligations and changes in existing obligations in respect of litigations for compliance with the requirements of Accounting Standard 29 – Provisions, Contingent Liabilities and Contingent Assets. The audit procedures performed by us included the following: <ul style="list-style-type: none"> Obtained listing from the management of the changes in litigation status as compared to prior year and obtained a detailed understanding of the disputes and also reviewed the analysis made by the management and assumptions used by them on how they concluded as required under AS 29. Wherever the company had obtained external legal opinions, the same were reviewed to gain an understanding of the management's view on the matters. Used internal tax experts to gain an understanding of these litigations and also obtained their views on the possible outcome based on facts and current circumstances Obtained legal representation letters on the material outstanding legal cases. Reviewed minutes of board meetings, including the sub-committees. Based on the audit evidence obtained, while noting the inherent uncertainty with such legal, regulatory and tax litigations we determined the level of provisioning and disclosure of contingent liabilities as at March 31, 2019 to be appropriate.

Other Matter

The estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), included under Claims Outstanding as at March 31, 2019 has been duly certified by the Company's Appointed Actuary, and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the financial statements of the Company.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises of Management Discussion & Analysis Report, Directors 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

Independent Auditors' Report (Continued)

materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and receipts and payment of the Company in accordance with the requirement of the Insurance Act, 1938, as amended by the Insurance Laws (Amendment) Act, 2015 (the "Insurance Act") read with Insurance Regulatory and Development Act, 1999 (the "IRDA Act"), Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report Insurance Companies) Regulations, 2002 ("the regulations"), orders/directions, circulars, guidelines issued by the Insurance Regulatory and Development Authority of India (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 read together 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgment 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.
- 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

Independent Auditors' Report (Continued)

we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, 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.

Report on other legal and regulatory requirements

1. As required by IRDA Financial Statements Regulations, we have issued a separate certificate dated May 3, 2019 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDA Financial Statements Regulations.
2. Further, to our comments in the Certificate referred

to in paragraph 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;
- 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

Independent Auditors' Report (Continued)

- 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, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
 - k) With respect to the other matters to be included in the Auditor's Report in accordance with 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:
 - a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 16 Note 3 to the financial statements;
 - b. 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.
 - c. 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

For G. M. KAPADIA & CO.

Chartered Accountants
Firm's Registration No.: 104767W

Rajen Ashar

Partner
Membership No. 048243

Mumbai,
May 3, 2019

Annexure “A” to the Independent Auditors’ Report

Referred to in paragraph 10 (j) of the Independent Auditors’ Report of even date to the members of HDFC ERGO GENERAL INSURANCE COMPANY LIMITED (formerly known as HDFC General Insurance Limited) on the standalone financial statements for the year ended March 31, 2019.

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of **HDFC ERGO GENERAL INSURANCE COMPANY LIMITED** (formerly known as HDFC General Insurance Limited) (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

2. 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

3. 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, 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 ICAI. 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.

4. 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.
5. 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

6. A company’s internal financial control with reference to 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

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

financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. 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.

Opinion

8. 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, 2019, 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.

Other Matters

9. The estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), included under Claims Outstanding as at March 31, 2019 has been duly certified by the Company’s Appointed Actuary, and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. We have relied upon the Appointed Actuary’s certificate in this regard for forming our opinion on the financial statements of the Company.

For B. K. KHARE & CO.

Chartered Accountants
Firm’s Registration No.: 105102W

Padmini Khare Kaicker

Partner
Membership No.: 044784

For G. M. KAPADIA & CO.

Chartered Accountants
Firm’s Registration No.: 104767W

Rajen Ashar

Partner
Membership No. 048243

Mumbai,
May 3, 2019

Independent Auditors' Certificate

(Referred to in paragraph 1 of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditor's Report dated May 3, 2019)

This certificate is issued to **HDFC ERGO GENERAL INSURANCE COMPANY LIMITED** (formerly known as HDFC General Insurance Limited) (the "Company") to comply with the provisions of paragraphs 3 and 4 of Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations") read with Regulation 3 of the IRDA Financial Statements Regulations.

The Company's Management is responsible for complying with the provisions the Insurance Act, 1938, as amended by the Insurance Laws (Amendment) Act, 2015 (the "Insurance Act") read with Insurance Regulatory and Development Act, 1999 (the "IRDA Act"), Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report Insurance Companies) Regulations, 2002 (the regulations"), orders/directions, circulars, guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI) which includes the preparation of the Management Report. This includes collecting, collating and validating data and designing, implementing and monitoring of internal controls suitable for ensuring compliance as aforesaid.

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

In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of account and other records maintained by the Company for the year ended March 31, 2019, we certify that:

1. We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2019, and on the basis of our review, there is no apparent mistake or material inconsistencies with the financial statements;
2. Based on the Management representations and compliance certificates submitted to the Board of Directors by the officers of the Company charged with compliance and the same being noted by the Board, we certify that the Company has complied with the terms and conditions of registration stipulated by the IRDAI;
3. We have verified the cash balances, to the extent considered necessary, and securities relating to the Company's investments as at March 31, 2019, by actual inspection or on the basis of certificates/confirmations received from the Custodian and/or Depository Participants appointed by the Company, as the case may be;
4. The Company is not a trustee of any trust; and
5. No part of the assets of the Policyholders' Funds has been directly or indirectly applied in contravention to the provisions of the Insurance Act, relating to the application and investments of the Policyholders' Funds.

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

Padmini Khare Kaicker
Partner
Membership No.: 044784

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

Rajen Ashar
Partner
Membership No. 048243

Mumbai,
May 3, 2019


FORM B - BS

IRDAI Registration No: 146

Date of Registration with the IRDAI: July 09, 2010

Balance Sheet as at March 31, 2019

Particulars	Schedule	As at March 31,2019 (₹ '000)	As at March 31,2018 (₹ '000)
SOURCES OF FUNDS			
SHARE CAPITAL	5	6,054,221	6,050,718
RESERVES AND SURPLUS	6	13,769,664	11,560,400
FAIR VALUE CHANGE ACCOUNT – SHAREHOLDERS		(57,263)	43,185
FAIR VALUE CHANGE ACCOUNT – POLICYHOLDERS		(217,528)	150,889
BORROWINGS	7	3,500,000	3,500,000
DEFERRED TAX LIABILITY		—	36,326
TOTAL		23,049,094	21,341,518
APPLICATION OF FUNDS			
INVESTMENTS - SHAREHOLDERS	8	18,971,760	18,154,614
INVESTMENTS - POLICYHOLDERS	8A	72,068,296	63,433,015
LOANS	9	—	—
FIXED ASSETS	10	2,135,050	2,095,017
DEFERRED TAX ASSET (Refer Note 14 of Schedule 16)		517,639	—
CURRENT ASSETS			
Cash and Bank Balances	11	3,883,282	4,370,413
Advances and Other Assets	12	17,713,394	15,492,246
Sub-Total (A)		21,596,676	19,862,659
CURRENT LIABILITIES			
PROVISIONS	14	28,488,821	22,864,168
Sub-Total (B)		92,240,327	82,203,787
NET CURRENT ASSETS/(LIABILITIES) (C) = (A – B)		(70,643,651)	(62,341,128)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	—	—
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		—	—
TOTAL		23,049,094	21,341,518
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)

Theodoros Kokkalas
Director
(DIN: 08093899)

Ameet P. Hariani
Independent Director
(DIN: 00087866)

Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)

Keki M. Mistry
Director
(DIN: 00008886)

Bernhard Steinruecke
Independent Director
(DIN: 01122939)

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

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

Renu Sud Karnad
Director
(DIN: 00008064)

Mehernosh B. Kapadia
Independent Director
(DIN: 00046612)

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

 Mumbai,
Dated: May 03, 2019

Alexander Ankel
Director
(DIN: 07798908)

Arvind Mahajan
Independent Director
(DIN: 07553144)



FORM B - PL

IRDAI Registration No: 146

Date of Registration with the IRDAI: July 09, 2010

Profit and Loss Account for the year ended March 31, 2019

Particulars	Schedule	For the year ended March 31, 2019 (₹ '000)	For the year ended March 31, 2018 (₹ '000)
OPERATING PROFIT/(LOSS)			
Fire Insurance		333,361	(134,501)
Marine Insurance		(230,527)	(98,262)
Miscellaneous Insurance		<u>4,836,224</u>	<u>4,944,181</u>
		<u>4,939,058</u>	<u>4,711,418</u>
INCOME FROM INVESTMENTS			
Interest, Dividend and Rent – Gross		1,414,938	1,370,571
Profit on sale of investments		158,642	185,296
Less: Loss on sale of investments		—	—
Accretion/(Amortisation) of Debt Securities		<u>(35,618)</u>	<u>(26,296)</u>
		<u>1,537,962</u>	<u>1,529,571</u>
OTHER INCOME			
(Refer note 33 of Schedule 16)		175,000	—
TOTAL (A)		<u>6,652,020</u>	<u>6,240,989</u>
PROVISIONS (OTHER THAN TAXATION)			
For diminution in the value of investments (Refer Note 9 of Schedule 16)		1,578,181	—
For doubtful debts		7,038	(87,241)
		<u>1,585,219</u>	<u>(87,241)</u>
OTHER EXPENSES			
Expenses other than those related to insurance business			
Employees' related remuneration and welfare benefits (Refer Note 10 of Schedule 16)		83,351	62,351
Corporate Social Responsibility Expenses (Refer Note 28 of Schedule 16)		40,901	46,226
Bad debts written off		—	670,428
Remuneration to directors and others		3,752	4,000
Amalgamation Expenses		—	142,128
Interest on Debentures		266,000	266,000
Penalty (Refer Note 31 of Schedule 16)		500	4,416
TOTAL (B)		<u>1,979,723</u>	<u>1,108,308</u>
PROFIT/(LOSS) BEFORE TAX			
		4,672,297	5,132,681
PROVISION FOR TAXATION			
– Current Tax / Minimum Alternate Tax (MAT)		1,396,384	1,059,298
– Deferred Tax (Refer Note 14 of Schedule 16)		<u>(553,964)</u>	<u>36,326</u>
PROFIT/(LOSS) AFTER TAX		<u>3,829,877</u>	<u>4,037,057</u>
APPROPRIATIONS			
Interim Dividends paid during the year		1,362,200	1,210,144
Proposed final Dividend		—	—
Dividend Distribution tax		280,004	246,357
Transfer to any Reserves or Other Accounts		—	—
Transfer to Debenture Redemption Reserve (Refer Note 32 of Schedule 16)		97,200	97,200
Transfer to Contingency Reserve for Unexpired Risks		—	—
Balance of Profit/(Loss) brought forward from previous year		<u>2,984,374</u>	<u>501,018</u>
BALANCE CARRIED FORWARD TO BALANCE SHEET		<u>5,074,847</u>	<u>2,984,374</u>
EARNINGS PER SHARE (Basic) (in ₹)		6.33	6.70
EARNINGS PER SHARE (Diluted) (in ₹)		6.31	6.68

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)

Theodoros Kokkalis
Director
(DIN: 08093899)

Ameet P. Hariani
Independent Director
(DIN: 00087866)

Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)

Keki M. Mistry
Director
(DIN: 00008886)

Bernhard Steinruecke
Independent Director
(DIN: 01122939)

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

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

Renu Sud Karnad
Director
(DIN: 00008064)

Mehernosh B. Kapadia
Independent Director
(DIN: 00046612)

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

Mumbai,
Dated: May 03, 2019

Alexander Ankel
Director
(DIN: 07798908)

Arvind Mahajan
Independent Director
(DIN: 07553144)



IRDAI Registration No: 146

Date of Registration with the IRDAI: July 09, 2010

Receipts and Payments Account for the year ended March 31, 2019

Particulars	Schedule For the year ended March 31, 2019 (₹ '000)	For the year ended March 31, 2018 (₹ '000)
Cash flows from operating activities		
Premium received from policyholders, including advance receipts	98,672,339	85,613,104
Payments to re-insurers, net of commission and claims	(13,630,289)	(10,495,153)
Payments to co-insurers, net of claims recovery	(119,448)	(437,512)
Payments of claims	(52,216,174)	(41,619,437)
Payments of commission and brokerage	(7,223,621)	(5,294,145)
Payments of other operating expenses	(12,772,397)	(10,967,877)
Corporate Social Responsibility (CSR) expenses	(40,901)	(46,226)
Deposits, advances and staff loans	(65,404)	(64,429)
Income taxes paid (Net)	(1,419,294)	(1,100,468)
GST/Service tax paid	(4,602,949)	(4,148,556)
Net cash generated from operating activities (A)	6,581,862	11,439,301
Cash flows from investing activities		
Purchase of fixed assets	(385,842)	(966,472)
Proceeds from sale of fixed assets	8,287	6,209
Purchase of investments	(49,557,374)	(52,885,494)
Sale of investments	36,530,173	41,279,949
Rent/Interest/Dividend received	5,981,606	5,729,628
Investments in money market instruments and in liquid mutual funds (Net)	2,173,603	(778,120)
Net cash flow from/(used in) investing activities (B)	(5,249,547)	(7,614,300)
Cash flows from financing activities		
Proceeds from issuance of share capital and share premium	25,094	182,173
Receipt of Share application money pending allotment	—	—
Repayments of borrowing	—	—
Proceeds from issuance of borrowing	—	—
Interest Paid	(266,000)	(266,000)
Dividend paid (Including dividend distribution tax)	(1,642,204)	(1,456,500)
Net cash flow from/(used in) financing activities (C)	(1,883,110)	(1,540,327)
Effect of foreign exchange rates on cash and cash equivalents (Net) (D)	—	(13)
Net (decrease)/increase in cash and cash equivalents (A + B + C + D)	(550,795)	2,284,661
Cash and cash equivalents at the beginning of the year	4,212,250	1,927,589
Cash and cash equivalents at the end of the year	3,661,455	4,212,250
Net (decrease)/increase in cash and cash equivalents	(550,795)	2,284,661
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and Bank balances	3,883,282	4,370,413
Less: Deposit Accounts not considered as Cash and cash equivalents as defined in AS-3 "Cash Flow Statements"	(221,827)	(158,163)
Cash and cash equivalents at the end of the year	3,661,455	4,212,250

NOTES TO ACCOUNTS

16

Refer Schedule 11 for components of cash and bank balances

Signatures to the Receipts and payments 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.
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Firm Registration No.: 104767W

For and on behalf of the Board of Directors

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

Mumbai,
Dated: May 03, 2019

Alexander Ankel
Director
(DIN: 07798908)

Arvind Mahajan
Independent Director
(DIN: 07553144)

FORM B - RA

IRDAI Registration No: 146

Date of Registration with the IRDAI: July 09, 2010



Revenue Accounts for the year ended March 31, 2019

Particulars	Schedule	FIRE INSURANCE		MARINE INSURANCE		MISCELLANEOUS INSURANCE		TOTAL	
		For the year ended March 31, 2019		For the year ended March 31, 2018		For the year ended March 31, 2019		For the year ended March 31, 2018	
		For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
1. Premiums Earned (Net)	1	991,370	973,629	603,252	486,133	36,505,485	28,485,235	38,100,107	29,944,997
2. Profit/Loss on Sale/Redemption of Investments (Net)		29,234	32,856	6,776	8,137	542,989	542,252	578,999	583,245
3. Accretion/(Amortisation) of Debt Securities		(6,563)	(4,662)	(1,521)	(1,154)	(121,912)	(76,952)	(129,996)	(82,768)
4. Others:									
Investment Income from Terrorism Pool		44,972	40,724	—	—	—	—	44,972	40,724
Miscellaneous Income/Liabilities written back		1,522	1,147	950	629	57,515	36,676	59,987	38,452
5. Interest, Dividend and Rent – Gross		260,742	243,022	60,438	60,181	4,842,963	4,010,833	5,164,143	4,314,036
TOTAL (A)		1,321,277	1,286,716	669,895	553,926	41,827,040	32,998,044	43,818,212	34,838,686
1. Claims Incurred (Net)	2	528,742	641,453	562,260	398,485	28,000,813	21,226,868	29,091,815	22,266,806
2. Commission (Net)	3	(549,837)	(183,433)	91,924	33,197	(1,068,042)	(2,534,005)	(1,525,955)	(2,684,241)
3. Operating Expenses Related to Insurance Business	4	1,009,011	963,197	246,238	220,506	10,058,045	9,361,000	11,313,294	10,544,703
4. Premium Deficiency		—	—	—	—	—	—	—	—
TOTAL (B)		987,916	1,421,217	900,422	652,188	36,990,816	28,053,863	38,879,154	30,127,268
Operating Profit/(Loss) (A-B)		333,361	(134,501)	(230,527)	(98,262)	4,836,224	4,944,181	4,939,058	4,711,418
APPROPRIATIONS									
Transfer to Shareholders' Account		333,361	(134,501)	(230,527)	(98,262)	4,836,224	4,944,181	4,939,058	4,711,418
Transfer to Catastrophe Reserve		—	—	—	—	—	—	—	—
Transfer to Other Reserves		—	—	—	—	—	—	—	—
TOTAL (C)		333,361	(134,501)	(230,527)	(98,262)	4,836,224	4,944,181	4,939,058	4,711,418

NOTES TO ACCOUNTS

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

Signature to the Revenue Account and Schedule 1 to 16

In terms of our report attached

B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W Firm Registration No.: 104767W

For and on behalf of the Board of Directors

Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)

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Arvind Mahajan
Independent Director
(DIN: 07553144)

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

Schedules

Annexed to and forming part of the Revenue Accounts

SCHEDULE - 1 PREMIUM EARNED (NET)

Particulars	For the year ended March 31, 2019				For the year ended March 31, 2018								
	Fire		Marine		* Miscellaneous		Total		Total				
	Motor-OD	Motor-IP	Marine Cargo	Marine Hull	Marine Total	Marine Cargo	Marine Hull	Marine Total					
Premium from direct business written-net of GST	16,351,195	14,248,661	1,423,722	377,704	1,801,426	77,130,605	86,128,508	6,200,277	1,097,518	348,417	1,445,935	85,253,485	72,899,697
Add: Premium on Re-insurance accepted	-	-	125,023	-	125,023	230,466	1,089,495	705,291	128,024	-	128,024	278,105	1,111,420
Less: Premium on Re-insurance ceded	(3,745,085)	(3,309,114)	(895,928)	(376,308)	(4,272,236)	(35,348,238)	(43,490,129)	(5,608,014)	(717,300)	(346,809)	(1,064,109)	(32,784,238)	(39,456,361)
Net Premium	12,606,110	10,939,547	652,817	1,396	654,213	42,012,833	43,727,874	1,297,554	508,242	1,608	509,850	32,747,352	34,554,756
Add/(Less): Adjustment for changes in reserve for unexpired risks	(945,292)	(2,388,120)	(51,174)	213	(50,961)	(5,507,348)	(5,627,767)	(323,925)	(22,556)	(1,161)	(23,717)	(4,262,117)	(4,609,759)
Total Premium Earned (Net)	11,660,818	8,551,427	601,643	1,609	603,252	36,505,485	38,100,107	973,629	485,686	447	486,133	28,485,235	29,944,997

* Miscellaneous Premium Breakup for the year ended March 31, 2019

Particulars	Miscellaneous																
	Motor		Workmen Compensation		Public Liability		Product Liability		Aviation		Personal Accident		Health Insurance		Others		Total Miscellaneous
	Motor-OD	Motor-IP	Motor Total	Workmen Compensation	Public Liability	Product Liability	Aviation	Personal Accident	Health Insurance	Other Liability	Home	Specialty	Weather/Crop	Others			
Premium from direct business written-net of GST	16,351,195	14,248,661	30,599,856	193,318	35,745	10,095	1,490,983	280,321	6,944,604	12,787,131	25,028	1,261,306	20,994,037	1,678,455	77,130,605		
Add: Premium on Re-insurance accepted	-	-	-	-	1,592	358	81,768	(2,311)	19,958	77	38,344	89,173	-	1,510	230,466		
Less: Premium on Re-insurance ceded	(3,745,085)	(3,309,114)	(7,054,199)	(31,209)	(18,692)	(4,606)	(1,211,460)	(278,104)	(2,112,010)	(5,127,818)	(8,448)	(868,960)	(17,193,857)	(9,15,425)	(35,348,238)		
Net Premium	12,606,110	10,939,547	23,545,657	162,109	18,645	5,487	361,291	(94)	4,852,552	7,659,390	16,880	481,519	3,800,180	764,540	42,012,833		
Add/(Less): Adjustment for changes in reserve for unexpired risks	(945,292)	(2,388,120)	(3,333,412)	(23,117)	(2,452)	(297)	(6,347)	609	(1,031,202)	(949,049)	(325)	(24,237)	77,461	(153,887)	(5,607,348)		
Total Premium Earned (Net)	11,660,818	8,551,427	20,212,245	138,992	16,493	5,190	354,944	515	3,821,350	6,710,341	16,555	457,282	3,877,621	610,653	36,505,485		

** Miscellaneous Premium Breakup for the year ended March 31, 2018

Particulars	Miscellaneous																
	Motor		Workmen Compensation		Public Liability		Product Liability		Aviation		Personal Accident		Health Insurance		Others		Total Miscellaneous
	Motor-OD	Motor-IP	Motor Total	Workmen Compensation	Public Liability	Product Liability	Aviation	Personal Accident	Health Insurance	Other Liability	Home	Specialty	Weather/Crop	Others			
Premium from direct business written-net of Service tax/GST	13,669,130	9,396,886	23,066,016	136,176	22,339	23,542	1,242,402	212,194	5,931,623	9,925,244	31,694	867,760	22,013,134	1,268,598	85,253,485		
Add: Premium on Re-insurance accepted	-	-	-	-	-	-	84,580	70,980	2,904	13,813	-	83,685	-	2,222	278,105		
Less: Premium on Re-insurance ceded	(3,454,124)	(2,394,902)	(5,849,026)	(7,841)	(9,423)	(18,212)	(1,054,482)	(205,875)	(1,730,384)	(4,292,397)	(10,342)	(550,823)	(18,105,436)	(639,762)	(32,784,238)		
Net Premium	10,215,006	7,001,984	17,216,990	128,335	12,916	5,330	272,500	77,299	4,201,443	5,646,660	21,352	400,622	3,907,698	631,098	32,747,352		
Add/(Less): Adjustment for changes in reserve for unexpired risks	(4,277,811)	(770,491)	(2,048,302)	(3,717)	3,346	408	(15,368)	56,575	(837,617)	(962,112)	(7,694)	(89,105)	(248,124)	(94,362)	(4,262,117)		
Total Premium Earned (Net)	8,937,195	6,231,493	15,168,688	124,618	16,262	5,738	257,132	133,874	3,366,526	4,684,548	13,658	311,517	3,659,574	536,696	28,485,235		

Schedules

Annexed to and forming part of the Revenue Accounts

SCHEDULE - 2

CLAIMS INCURRED (NET)

(₹ '000)

Particulars	For the year ended March 31, 2019				For the year ended March 31, 2018				Total
	Fire		* Miscellaneous		Marine		** Miscellaneous		
	Marine Cargo	Marine Hull	Marine Total	Marine Cargo	Marine Hull	Marine Total	Marine Cargo	Marine Hull	
Claims paid direct	2,776,590	1,142,648	1,280,706	45,892,103	49,949,399	67,631	950,892	36,617,683	40,142,027
Add: Claims on Re-insurance accepted	162,601	85,316	85,316	97,158	345,075	2,513	30,304	107,496	337,030
Less: Claims on Re-insurance ceded	(2,474,923)	(663,867)	(801,784)	(24,485,562)	(27,762,269)	(69,302)	(552,672)	(20,350,137)	(23,122,474)
Net Claims paid	464,268	564,097	141	21,503,699	22,532,205	842	428,524	16,375,042	17,356,583
Add: Claims Outstanding at the end of the year	827,001	501,588	4,934	34,253,316	35,586,839	3,226	508,500	27,786,202	29,027,229
Less: Claims Outstanding at the beginning of the year	(762,527)	(505,274)	(3,226)	(27,756,202)	(29,027,229)	(5,103)	(538,539)	(22,904,376)	(24,117,006)
Total Claims Incurred (Net)	528,742	560,411	1,849	28,000,813	29,091,815	(1,035)	398,485	21,226,868	22,266,806

* Miscellaneous Claims Incurred (Net) Breakup for the year ended March 31, 2019

(₹ '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	Home		Specialty	Weather/ Crop
Claims paid direct	11,595,448	3,918,507	64,487	3	630,338	199,796	1,675,395	6,659,100	1,152,400	5,674	181,791	18,608,349	1,210,825	45,892,103
Add: Claims on Re-insurance accepted	-	-	-	-	6818	71,565	1,627	16,662	-	-	286	-	-	97,158
Less: Claims on Re-insurance ceded	(2,822,968)	(2,421,586)	(3,383)	-	(333,893)	(170,211)	(477,744)	(1,621,029)	(1,121,657)	(440)	(81,414)	(14,794,668)	(646,569)	(24,485,562)
Net Claims paid	8,762,480	1,496,921	61,104	3	313,263	101,140	1,198,278	5,094,933	30,743	5,234	100,663	3,813,681	564,256	21,503,699
Add: Claims Outstanding at the end of the year	1,617,909	27,236,171	133,049	8,226	183,347	146,445	630,020	1,171,413	134,800	6,159	171,597	2,524,310	282,073	34,253,316
Less: Claims Outstanding at the beginning of the year	(1,246,074)	(21,536,949)	(101,382)	(9,434)	(8,876)	(184,764)	(637,377)	(858,223)	(87,307)	(8,450)	(169,933)	(2,688,323)	(225,108)	(27,756,202)
Total Claims Incurred (Net)	9,134,315	7,995,143	92,771	(1,205)	312,608	62,821	1,191,921	5,386,213	78,236	2,943	102,327	3,639,688	621,221	28,000,813

** Miscellaneous Claims Incurred (Net) Breakup for the year ended March 31, 2018

(₹ '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	Home		Specialty	Weather/ Crop
Claims paid direct	8,536,673	3,750,011	27,207	55	518,038	352,945	1,368,204	4,175,842	151,693	7,016	224,109	16,716,925	788,965	36,617,683
Add: Claims on Re-insurance accepted	-	-	-	-	939	96,491	-	3	-	-	11,063	-	-	107,496
Less: Claims on Re-insurance ceded	(2,551,405)	(1,848,684)	(1,360)	(3)	(333,423)	(350,229)	(328,111)	(1,130,737)	(107,473)	(218)	(172,077)	(13,175,847)	(350,570)	(20,350,137)
Net Claims paid	5,985,268	1,901,327	25,847	52	185,554	98,207	1,040,093	3,045,108	44,220	6,798	63,095	3,541,078	438,395	16,375,042
Add: Claims Outstanding at the end of the year	1,246,074	21,336,949	101,382	9,434	184,002	184,764	637,377	858,223	87,307	8,450	169,933	2,688,323	225,108	27,756,202
Less: Claims Outstanding at the beginning of the year	(1,073,103)	(16,598,418)	(126,451)	(8,496)	(15,251)	(113,997)	(453,957)	(893,892)	(81,018)	(6,870)	(94,860)	(3,035,156)	(192,053)	(23,904,376)
Total Claims Incurred (Net)	6,152,239	6,639,858	778	990	158,702	168,974	1,223,513	3,009,439	50,509	8,378	138,168	3,204,245	471,460	21,226,868

Schedules

Annexed to and forming part of the Revenue Accounts

SCHEDULE - 3 COMMISSION (NET)

Particulars	For the year ended March 31, 2019					For the year ended March 31, 2018				
	Fire	Marine		* Miscellaneous	Total	Fire	Marine		** Miscellaneous	Total
		Marine Cargo	Marine Hull				Marine Cargo	Marine Hull		
Commission paid direct	560,518	177,467	13,296	190,763	5,807,377	448,277	2,985	104,016	4,479,424	5,031,717
Add: Commission paid on Re-insurance accepted	31,176	6,835	-	31,964	69,975	51,316	-	7,360	31,685	90,361
Less: Commission received on Re-insurance ceded	(1,141,531)	(84,216)	(21,458)	(105,674)	(6,907,383)	(683,026)	(9,321)	(78,179)	(7,045,114)	(7,806,319)
Net commission paid/(received)	(549,837)	100,086	(8,162)	91,924	(1,068,042)	(183,433)	(6,336)	33,197	(2,534,005)	(2,684,241)

* Miscellaneous Commission Breakup for the year ended March 31, 2019

Particulars	Miscellaneous															
	Motor		Workmen Compensation		Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others					
	Motor-CD	Motor-CP	Motor Total	Workmen Compensation							Other Liability	Home	Specialty	Weather/Corp	Others	
Commission paid direct	2,945,480	166,349	3,109,829	23,711	2,989	1,308	1,052,251	5,548	828,864	1,411,611	98,154	1,663	145,877	4,858	67,724	5,807,377
Add: Commission paid on Re-insurance accepted	-	-	-	-	315	36	5,698	85	407	9	7,544	-	17,851	-	19	31,964
Less: Commission received on Re-insurance ceded	(750,610)	(84,448)	(1,332,058)	(1,976)	(768)	(458)	(24,135)	(12,210)	(1,126,520)	(2,879,158)	(53,057)	(441)	(122,237)	(97,257)	(187,108)	(6,907,383)
Net commission paid/(received)	2,192,870	(415,099)	1,777,771	21,735	2,536	886	(103,186)	(6,577)	(297,289)	(1,467,538)	92,641	1,222	41,491	(972,399)	(119,385)	(1,068,042)

** Miscellaneous Commission Breakup for the year ended March 31, 2018

Particulars	Miscellaneous															
	Motor		Workmen Compensation		Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others					
	Motor-CD	Motor-CP	Motor Total	Workmen Compensation							Other Liability	Home	Specialty	Weather/Corp	Others	
Commission paid direct	2,023,872	39,268	2,063,140	14,303	2,105	3,609	99,522	7,573	838,608	1,226,019	48,223	2,933	101,193	463	71,733	4,479,424
Add: Commission paid on Re-insurance accepted	-	-	-	-	-	-	5,821	6,475	-	1,815	4,735	-	12,823	-	16	31,685
Less: Commission received on Re-insurance ceded	(659,894)	(404,882)	(1,064,776)	(1,250)	(348)	(1,914)	(231,258)	(7,978)	(9,263,371)	(2,600,095)	(21,158)	(516)	(46,374)	(2,069,647)	(74,429)	(7,045,114)
Net commission paid/(received)	1,363,978	(365,614)	998,364	13,053	1,757	1,695	(225,915)	6,070	(89,763)	(1,372,261)	31,800	2,417	67,642	(2,065,184)	320	(2,534,005)

SCHEDULE - 3 A COMMISSION PAID DIRECT

Particulars	For the year ended March 31, 2019					For the year ended March 31, 2018				
	Fire	Marine		Miscellaneous	Total	Fire	Marine		Miscellaneous	Total
		Marine Cargo	Marine Hull				Marine Cargo	Marine Hull		
Agents	33,984	35,087	915,675	984,746	17,749	19,352	807,810	844,911		
Brokers	361,932	154,441	2,186,388	2,702,761	293,504	83,294	1,219,920	1,596,718		
Corporate Agency	164,556	1,234	2,343,261	2,509,051	137,005	1,370	2,265,699	2,404,074		
Others: Web aggregator, CSC, IMF, MISP and POSP	46	1	362,053	362,100	19	-	185,995	186,014		
Total	560,518	190,763	5,807,377	6,558,658	448,277	104,016	4,479,424	5,031,717		

Schedules

Annexed to and forming part of the Revenue Accounts

Particulars	For the year ended March 31, 2019										For the year ended March 31, 2018									
	Fire			Marine			* Miscellaneous	Total	Fire			Marine			** Miscellaneous	Total				
	Marine Cargo	Marine Hull	Marine Total	Marine Cargo	Marine Hull	Marine Total			Marine Cargo	Marine Hull	Marine Total									
Employees' remuneration and welfare benefits	304,259	59,693	14,568	74,251	2,981,431	3,359,941	275,436	13,958	63,055	2,625,025	2,963,516									
Travel, conveyance and vehicle running expenses	15,623	3,066	747	3,813	153,087	1,72,523	14,403	730	3,297	137,270	154,970									
Training expenses	57,747	11,330	2,763	14,093	565,871	637,711	57,260	2,902	13,109	545,712	616,081									
Rents, rates and taxes	34,032	6,677	1,628	8,305	333,477	375,814	41,259	2,091	9,445	393,213	443,917									
Repairs	13,885	2,724	665	3,389	136,061	153,335	15,442	783	3,536	147,166	166,144									
Printing and stationery	13,430	2,634	643	3,277	131,596	148,303	11,610	588	2,658	110,652	124,920									
Communication	5,239	1,027	251	1,278	51,335	57,852	6,195	314	1,418	59,041	66,654									
Legal and professional charges	219,752	43,114	10,514	53,628	2,153,346	2,426,726	259,542	13,153	59,417	2,473,548	2,792,507									
Auditors' fees, expenses etc																				
(a) as auditors	921	181	44	225	9,024	10,170	570	29	131	5,433	6,134									
(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	201	39	10	49	1,966	2,216	245	12	56	2,339	2,640									
Advertisement and publicity	216,946	42,563	10,380	52,943	2,125,849	2,395,738	153,449	7,776	35,129	1,462,432	1,651,010									
Interest and bank charges	18,939	3,716	906	4,622	356,347	379,908	24,067	1,220	5,510	410,681	440,258									
Others:																				
Electricity expenses	6,997	1,372	335	1,707	68,560	77,264	7,896	400	1,808	75,255	84,959									
Office expenses	3,616	710	173	883	35,443	39,942	3,613	183	827	34,435	38,875									
Miscellaneous expenses	16,176	3,174	774	3,948	158,508	178,632	7,401	375	1,694	70,536	79,631									
Information Technology expenses	36,656	7,191	1,754	8,945	359,189	404,790	37,759	1,914	8,645	359,861	406,265									
Postage and courier	13,788	2,705	660	3,365	135,106	152,259	14,497	735	3,319	138,159	155,975									
Loss on sale of assets (net)	263	52	12	64	2,577	2,904	4,049	205	927	38,585	43,561									
Depreciation	30,541	5,992	1,461	7,453	299,272	337,266	28,504	1,444	6,525	271,656	306,685									
Total Operating Expenses	1,009,011	197,960	48,278	246,238	10,058,045	11,313,294	963,197	48,812	220,506	9,361,000	10,544,703									

(₹ '000)

Schedules

Annexed to and forming part of the Revenue Accounts

(₹ '000)

SCHEDULE - 4 (Continued)
*** Miscellaneous Operating expenses related to Insurance business Breakup for the year ended March 31, 2019**

Particulars	Miscellaneous													Total Miscellaneous	
	Motor			Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others					Total Miscellaneous
	Motor-OD	Motor-TP	Motor Total							Workmen Compensation	Other Liability	Home	Specialty		
Employees remuneration and welfare benefits	630,223	549,185	1,179,408	7,450	1,439	403	60,327	10,715	288,435	492,857	965	52,051	809,171	64,751	2,881,431
Travel, conveyance and vehicle running expenses	32,360	28,199	60,559	383	74	21	3,098	550	13,783	25,307	48	2,073	41,948	3,325	153,087
Training expenses	119,616	104,234	223,850	1,414	273	76	11,450	2,034	50,948	93,543	183	9,879	153,879	12,290	565,871
Rents, rates and taxes	70,991	61,427	131,918	833	161	45	6,748	1,199	30,025	55,127	108	5,822	90,507	7,242	333,477
Repairs	28,761	25,063	53,824	340	66	19	2,753	489	12,250	22,492	44	2,275	36,827	2,955	136,061
Printing and stationery	27,817	24,240	52,057	329	64	18	2,863	473	11,848	21,754	43	2,297	35,716	2,858	131,596
Communication	10,651	9,456	20,307	128	25	8	1,039	184	4,622	8,486	17	896	13,932	1,115	51,335
Legal and professional charges	455,180	396,650	851,830	5,382	10,399	291	43,571	7,739	193,878	353,967	697	37,394	584,426	46,766	2,153,346
Auditors' fees, expenses etc															
(a) as auditors	1,908	1,663	3,571	23	4	1	183	32	811	1,492	3	158	2,449	196	9,024
(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	416	362	778	5	1	-	39	7	177	325	1	34	534	43	1,966
Advertisement and publicity	449,989	391,685	840,953	5,313	10,266	287	43,015	7,641	191,402	351,421	688	37,114	576,993	46,169	2,125,849
Interest and bank charges	39,228	34,184	73,412	464	90	25	3,754	667	16,709	30,678	60	3,240	221,135	4,030	356,347
Others:															
Electricity expenses	14,492	12,629	27,121	171	33	9	1,387	246	6,173	11,334	22	1,197	18,609	1,489	66,560
Office expenses	7,492	6,529	14,021	89	17	5	717	127	3,191	5,859	11	619	9,619	770	35,443
Miscellaneous expenses	33,506	29,198	62,704	396	77	21	3,207	570	14,273	26,203	51	2,767	43,020	3,442	158,508
Information Technology expenses	75,926	66,163	142,089	898	173	49	7,988	1,291	32,340	59,377	116	6,271	97,465	7,801	359,189
Postage and courier	28,559	24,887	53,446	338	65	18	2,734	486	12,164	22,334	44	2,359	36,668	2,934	135,106
Loss on sale of assets (net)	545	475	1,020	6	1	-	52	9	232	426	1	46	699	56	2,577
Depreciation	63,261	55,126	118,387	748	144	40	6,656	1,076	26,945	49,471	97	5,225	81,224	6,500	299,272
Total Operating Expenses	2,090,000	1,821,255	3,911,254	24,710	4,772	1,336	200,861	35,535	890,206	1,634,453	3,199	172,817	2,854,211	244,732	10,058,045

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, 2018

(₹'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	547,608	376,455	924,063	5,455	895	943	52,894	11,344	237,747	398,175	21,340	1,270	38,116	881,582	50,911	2,625,025
Travel, conveyance and vehicle running expenses	28,636	19,686	48,322	285	47	49	2,765	593	12,433	20,822	1,116	66	1,993	46,117	2,662	137,270
Training expenses	113,841	78,261	192,102	1,134	186	196	10,994	2,358	49,425	82,776	4,436	264	7,924	183,333	10,584	545,712
Rents, rates and taxes	82,028	56,391	138,419	817	134	141	7,922	1,699	35,513	59,644	3,197	190	5,710	132,101	7,626	393,213
Repairs	30,700	21,105	51,805	306	50	53	2,965	636	13,329	22,323	1,196	71	2,137	49,441	2,854	147,166
Printing and stationery	23,083	15,868	38,951	230	38	40	2,229	478	10,022	16,784	900	54	1,607	37,173	2,446	110,652
Communication	12,317	8,467	20,784	123	20	21	1,189	255	5,347	8,956	480	29	857	19,835	1,145	59,041
Legal and professional charges	516,008	354,731	870,739	5,141	843	889	49,832	10,690	224,028	375,198	20,109	1,196	35,947	830,993	47,873	2,473,548
Auditors' fees, expenses etc.																
(a) as auditors	1,134	779	1,913	11	2	2	109	23	492	824	44	3	79	1,826	105	5,433
(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	488	335	823	5	1	1	47	10	212	365	19	1	34	766	45	2,339
Advertisement and publicity	305,079	209,727	514,806	3,039	499	525	29,462	6,320	132,452	221,628	11,889	707	21,235	491,307	28,363	1,462,432
Interest and bank charges	47,848	32,893	80,741	477	78	82	4,621	991	20,774	34,791	1,865	111	3,330	2,58,372	4,448	410,681
Others																
Electricity expenses	15,689	10,792	26,481	156	26	27	1,516	325	6,816	11,415	612	36	1,093	25,282	1,460	75,255
Office expenses	7,183	4,938	12,121	72	12	12	694	149	3,119	5,223	280	17	500	11,568	668	34,435
Miscellaneous expenses	14,715	10,116	24,831	147	24	25	1,421	305	6,388	10,699	573	34	1,024	23,697	1,368	70,536
Information Technology expenses	75,071	51,608	126,679	748	123	129	7,250	1,555	32,933	54,565	2,925	174	5,225	120,896	6,979	359,861
Postage and courier	28,821	19,813	48,634	287	47	50	2,783	597	12,513	20,997	1,123	67	2,006	46,415	2,680	138,159
Loss on sale of assets (net)	8,049	5,533	13,582	80	13	14	777	167	3,495	5,853	314	19	560	12,963	749	38,585
Depreciation	55,670	38,958	95,628	565	93	98	5,473	1,174	24,604	41,206	2,208	131	3,945	91,263	5,269	271,656
Total Operating Expenses	1,914,978	1,316,456	3,231,434	19,078	3,131	3,297	184,933	39,669	831,402	1,392,414	74,626	4,440	133,292	3,265,250	178,034	9,361,000

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 5

SHARE CAPITAL

Particulars	As at March 31, 2019 (₹ '000)	As at March 31, 2018 (₹ '000)
Authorised Capital		
1500,000,000 Equity Shares of ₹ 10/- each (Previous period: 1500,000,000 Equity Shares of ₹ 10/- each)	15,000,000	15,000,000
Issued Capital		
605,422,050 Equity Shares of ₹ 10/- each (Previous period: 605,071,800 Equity Shares of ₹ 10/- each)	6,054,221	6,050,718
Subscribed Capital		
605,422,050 Equity Shares of ₹ 10/- each (Previous period: 605,071,800 Equity Shares of ₹ 10/- each)	6,054,221	6,050,718
Called-up Capital		
605,422,050 Equity Shares of ₹ 10/- each (Previous period: 605,071,800 Equity Shares of ₹ 10/- each)	6,054,221	6,050,718
Less: Calls unpaid	—	—
Add: Equity Shares forfeited (Amount originally paid up)	—	—
Less: Preliminary Expenses	—	—
Total	6,054,221	6,050,718

Of the above 305,691,738 (Previous period 305,409,988) 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, 2019		As at March 31, 2018	
	(Number of Shares)	(% of Holding)	(Number of Shares)	(% of Holding)
Promoters:				
Indian: Housing Development Finance Corporation Limited	305,691,738	50.49%	305,409,988	50.48%
Foreign: ERGO International AG	292,202,312	48.27%	292,202,312	48.29%
Others: Employees	7,528,000	1.24%	7,459,500	1.23%
Total	605,422,050	100.00%	605,071,800	100.00%

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 6

RESERVES AND SURPLUS

Particulars		As at March 31, 2019 (₹ '000)		As at March 31, 2018 (₹ '000)
Capital Reserve		—		—
Capital Redemption Reserve		—		—
Share Premium				
Balance Brought forward from Previous Year	8,381,626		8,245,512	
Add: Addition during the period	21,591	8,403,217	136,114	8,381,626
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	194,400		97,200	
Add: Addition during the period	97,200	291,600	97,200	194,400
Balance of Profit/(Loss) in Profit and Loss Account				
Balance Brought forward from Previous Year	2,984,374		501,018	
Add: Profit during the period	2,187,673		2,580,556	
Less: Transfer to Debenture Redemption Reserve	(97,200)	5,074,847	(97,200)	2,984,374
Total		<u>13,769,664</u>		<u>11,560,400</u>

SCHEDULE - 7

BORROWINGS

Particulars		As at March 31, 2019 (₹ '000)		As at March 31, 2018 (₹ '000)
Debentures/Bonds (Refer note 32 of Schedule 16)		3,500,000		3,500,000
Banks		—		—
Financial Institutions		—		—
Others:		—		—
Total		<u>3,500,000</u>		<u>3,500,000</u>

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 8

INVESTMENTS - SHAREHOLDERS (Refer Notes 2 (p) and 9 of Schedule 16)

Particulars		As at March 31, 2019 (₹ '000)	As at March 31, 2018 (₹ '000)
LONG TERM INVESTMENTS			
Government securities and Government guaranteed bonds including Treasury Bills		5,156,561	5,822,260
Other Approved Securities		2,277,785	1,825,720
Other Investment:			
Shares			
— Equity		708,966	884,603
— Preference		10,535	16,023
Mutual Funds		—	15,582
Derivative Instruments		—	—
Debentures/Bonds		3,278,239	1,923,557
Other Securities (Bank Deposits)		94,630	100,800
Subsidiaries		—	—
Investment Properties-Real Estate		—	—
Investments in Infrastructure and Housing		5,465,326	4,647,579
Other than Approved Investments			
— Equity Shares	120,083		
Less: Provision for Diminution in value of Investments *	(45,450)	74,633	70,067
— Mutual Fund		14,722	28,104
— Preference Shares and Debentures	884,513		
Less: Provision for Diminution in value of Investments*	(863,674)	20,839	55,806
Sub-total	(A)	17,102,236	15,390,101
SHORT TERM INVESTMENTS			
Government securities and Government guaranteed bonds including Treasury Bills		—	107,619
Other Approved Securities		—	—
Other Investment:			
Shares			
— Equity		—	—
— Preference		—	22,252
Mutual Funds		442,045	409,162
Derivative Instruments		—	—
Debentures/Bonds		261,521	433,870
Other Securities (Commercial Papers and Certificate of Deposits)		298,572	207,819
Subsidiaries		—	—
Investment Properties-Real Estate		—	—
Investments in Infrastructure and Housing		794,196	1,583,791
Other than Approved Investments			
— Mutual Fund		—	—
— Preference Shares and Debentures	742,247		
Less: Provision for Diminution in value of Investments *	(669,057)	73,190	—
Sub-total	(B)	1,869,524	2,764,513
Total	(A + B)	18,971,760	18,154,614

Schedules

Annexed to and forming part of the Balance Sheet

Schedule - 8 (Continued)

Note:

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

	As at March 31, 2019 (₹ '000)	As at March 31, 2018 (₹ '000)
Long term investments - Book Value	16,303,914	14,391,745
Market Value	16,455,221	14,410,400
Short term investments - Book Value	1,427,479	2,355,350
Market Value	1,433,363	2,365,040

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

* Refer note 9 of Schedule 16

SCHEDULE - 8A

INVESTMENTS - POLICYHOLDERS (Refer Notes 2 (p) and 9 of Schedule 16)

Particulars	As at March 31, 2019 (₹ '000)	As at March 31, 2018 (₹ '000)
LONG TERM INVESTMENTS		
Government securities and Government guaranteed bonds including Treasury Bills	19,588,304	20,343,232
Other Approved Securities	8,652,653	6,379,147
Other Investment:		
Shares		
— Equity	2,693,160	3,090,840
— Preference	40,020	55,984
Mutual Funds	—	54,443
Derivative Instruments	—	—
Debentures/Bonds	12,453,093	6,720,992
Other Securities (Bank Deposits)	359,470	352,200
Subsidiaries	—	—
Investment Properties-Real Estate	—	—
Investments in Infrastructure and Housing	20,761,212	16,238,845
Other than Approved Investments		
— Equity Shares	283,511	244,816
— Mutual Fund	55,924	98,197
— Preference Shares and Debentures	79,161	194,990
Sub-total	(A) 64,966,508	53,773,686

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 9

LOANS

Particulars	As at March 31, 2019 (₹ '000)	As at March 31, 2018 (₹ '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	—	—
BORROWER-WISE CLASSIFICATION		
(a) Central and State Governments	—	—
(b) Banks and Financial Institutions	—	—
(c) Subsidiaries	—	—
(d) Industrial Undertakings	—	—
(e) Others	—	—
Total	—	—
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	—	—
MATURITY-WISE CLASSIFICATION		
(a) Short-Term	—	—
(b) Long-Term	—	—
Total	—	—
Total	—	—

Schedules

Annexed to and forming part of the Balance Sheet

Particulars	Cost/Gross Block				Depreciation/Amortisation			Net Block	
	Opening	Additions	Deductions	Closing	Upto Last Year	For the Period	On Sales/ Adjustments	To Date	As at Year end
Intangibles - Computer Software*	2,126,822 (2,003,585)	182,120 (123,237)	820,537	1,488,405 (2,126,822)	1,867,990 (1,755,776)	118,268 (112,214)	820,558	1,165,700 (1,867,990)	322,705 (258,832)
Leasehold Property	115,251 (137,604)	20,818	8,645 (22,353)	127,424 (115,251)	113,826 (134,379)	7,067 (1,800)	8,645 (22,353)	112,248 (113,826)	15,176 (1,425)
Building	1,267,779 (759,980)	—	—	1,267,779 (1,267,779)	93,035 (74,534)	21,144 (18,501)	—	114,179 (93,035)	1,153,600 (1,174,744)
Furniture and Fittings	309,121 (216,001)	16,618 (94,461)	7,697 (1,341)	318,042 (309,121)	111,644 (89,823)	28,774 (22,206)	4,714 (385)	135,704 (111,644)	182,338 (197,477)
Information Technology Equipment	742,305 (625,583)	92,101 (156,469)	252 (39,747)	834,154 (742,305)	525,501 (434,611)	99,957 (92,024)	407 (1,134)	625,051 (525,501)	209,103 (216,804)
Vehicles	163,693 (137,397)	53,403 (76,299)	37,162 (50,003)	179,934 (163,693)	57,322 (73,354)	34,003 (28,961)	28,830 (44,993)	62,495 (57,322)	117,439 (106,371)
Office Equipment	193,333 (201,361)	31,779 (11,028)	10,157 (19,056)	214,955 (193,333)	151,798 (134,688)	28,053 (30,979)	10,106 (13,869)	169,745 (151,798)	45,210 (41,535)
Total	4,918,304 (4,081,511)	396,839 (969,293)	884,450 (132,500)	4,430,693 (4,918,304)	2,921,116 (2,697,165)	337,266 (306,685)	873,260 (82,734)	2,385,122 (2,921,116)	2,045,571 (1,997,188)
Capital Work-in-progress (includes advances) (Refer Note 5 of Schedule 16)	97,829 (104,040)	178,307 (93,945)	186,657 (100,156)	89,479 (97,829)	—	—	—	—	89,479 (97,829)
Grand Total	5,016,133 (4,185,551)	575,146 (1,063,238)	1,071,107 (232,656)	4,520,172 (5,016,133)	2,921,116 (2,697,165)	337,266 (306,685)	873,260 (82,734)	2,385,122 (2,921,116)	2,135,050 (2,095,017)

* There are no internally generated Computer Software
(Figures in brackets pertain to Previous Year)

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 11

CASH AND BANK BALANCES

Particulars	As at March 31, 2019 (₹ '000)	As at March 31, 2018 (₹ '000)
Cash (including cheques, drafts and stamps)	1,125,482	902,601
Bank Balances		
(a) Deposit Accounts	—	—
(aa) Short-term (due within 12 months) (Refer Note 27 of Schedule 16)	207,600	1,143,412
(bb) Others	14,227	14,751
(b) Current Accounts	2,535,973	2,309,649
(c) Others	—	—
Money at Call and Short Notice		
(a) With Banks	—	—
(b) With Other Institutions	—	—
Others	—	—
Total	3,883,282	4,370,413

SCHEDULE - 12

ADVANCES AND OTHER ASSETS

Particulars	As at March 31, 2019 (₹ '000)	As at March 31, 2018 (₹ '000)
ADVANCES		
Reserve deposits with ceding companies	—	—
Application money for investments	—	—
Prepayments	249,148	121,514
Advance tax paid and taxes deducted at source (Net of provision for taxation)	176,503	153,593
Others:		
Advances to employees	3,348	3,238
Advances to suppliers	208,116	187,754
Goods and Service tax Unutilised Credit	205,783	439,173
Sub-total (A)	842,898	905,272
OTHER ASSETS		
Income accrued on investments	2,729,968	2,208,006
Outstanding Premiums	12,162,554	10,481,859
Agents' Balances	1,071	722

Schedules

Annexed to and forming part of the Balance Sheet

Schedule - 12 (Continued)

Particulars		As at March 31, 2019 (₹ '000)		As at March 31, 2018 (₹ '000)
Due from other entities carrying on insurance business (including re-insurers)	1,914,917		1,821,857	
Less: Provisions for doubtful debts	<u>(30,108)</u>	1,884,809	<u>(30,108)</u>	1,791,749
Due from subsidiaries/holding Company		—		18
Others:				
Deposits for premises	99,132			
Less: Provisions for doubtful debts	<u>(7,038)</u>	92,094		103,399
Stock of salvaged cars		—		<u>1,221</u>
Sub-total	(B)	<u>16,870,496</u>		<u>14,586,974</u>
Total	(A + B)	<u>17,713,394</u>		<u>15,492,246</u>

SCHEDULE - 13

CURRENT LIABILITIES

Particulars		As at March 31, 2019 (₹ '000)		As at March 31, 2018 (₹ '000)
Agents' Balances		309,298		322,443
Balances due to other insurance companies		13,445,547		16,517,883
Deposits held on re-insurance ceded		—		—
Premiums received in advance		3,557,773		557,520
Unallocated Premium		4,883,772		6,628,914
Unclaimed amount of Policyholders (Refer note 27 of Schedule 16)	228,530		194,568	
Less: Cheques issued but not encashed	<u>(317)</u>	228,213	<u>(5,239)</u>	189,329
Sundry creditors		5,503,046		5,862,746
Due to subsidiaries/holding company		69,740		79,017
Claims Outstanding (Refer note 23 (b) of Schedule 16)		35,586,841		29,027,229
Due to Officers/Directors		3,378		3,600
Others:				
Goods and Service tax liability		—		—
Tax deducted at source		42,230		32,475
Other statutory dues		20,218		16,988
Interest payable on debentures		<u>101,450</u>		<u>101,475</u>
Total		<u>63,751,506</u>		<u>59,339,619</u>

Schedules

Annexed to and forming part of the Balance Sheet

SCHEDULE - 14

PROVISIONS

Particulars	As at March 31, 2019 (₹ '000)	As at March 31, 2018 (₹ '000)
Reserve for Unexpired Risk	28,413,516	22,785,750
For taxation (less advance tax paid and taxes deducted at source)	—	—
For proposed dividends	—	—
For dividend distribution tax	—	—
Others:		
Provision for Employee benefits	75,305	78,418
Total	28,488,821	22,864,168

SCHEDULE - 15

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Particulars	As at March 31, 2019 (₹ '000)	As at March 31, 2018 (₹ '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 (formerly HDFC General Insurance 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.

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 service tax upto June 30, 2017, and net of Goods & Service Tax w.e.f. July 1, 2017) is recognized as income over 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. Installment cases are recorded on installment due dates. Premium received in advance represents premium received prior to commencement of the risk.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

Income earned on investments

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

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

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

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

(d) Reinsurance ceded

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

(e) Commission received

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

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

(f) Reserve for Unexpired Risk

Reserve for unexpired risk represents that part of the net premium written which is attributable to and allocated to the succeeding accounting period. Reserve for unexpired risk is calculated on the basis of 1/365th method in all segment subject to a minimum of 100% in case of Marine Hull business and based on Net Premium Written during the year, whichever is higher as per Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated April 4, 2016.

(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.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

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.

(k) **Borrowing Costs**

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

(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.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

- 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.

(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)

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

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.

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.

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

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

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 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.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

(r) Taxation

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

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

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

(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 ("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.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

(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.

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.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

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. CONTINGENT LIABILITIES

(₹ '000)

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018
1	Partly paid up investments	Nil	Nil
2	Underwriting commitments outstanding (in respect of shares and securities)	Nil	Nil
3	Claims, other than those under policies, not acknowledged as debts	Nil	Nil
4	Guarantees given by or on behalf of the Company	Nil	Nil
5	Statutory demands/liabilities in dispute, not provided for (Refer Note 1 below)	255,101	Nil
6	Reinsurance obligations to the extent not provided for in accounts	Nil	Nil

Note :

- (1) The Company has disputed the demand raised by Income Tax Authorities of ₹ 21,824 thousand (previous year ₹ Nil) and by Service Tax Authorities of ₹ 233,277 thousand (previous year ₹ Nil), the appeals of which are pending before the appropriate Authorities.
- (2) 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 ₹ 216,891 thousand (Previous year ₹ 216,891). 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.

4. ENCUMBRANCES ON ASSETS

The assets of the Company are free from encumbrances.

5. COMMITMENTS

There are commitments made and outstanding of ₹ 127,575 thousand (Previous year ₹ 150,400 thousand) for investments. There are no commitments made and outstanding for loans (Previous year ₹ Nil).

Estimated amount of contracts remaining to be executed on capital account and not provided for, [net of payments ₹ 89,478 thousand (Previous year ₹ 97,828 thousand)] is ₹ 190,558 thousand (Previous year ₹ 169,833 thousand).

6. 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, 2019	For the year ended March 31, 2018
Outside India	1,690,433	345,151

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, 2019	As at March 31, 2018
More than six months	23,801,619	20,285,193
Others	8,126,349	6,570,541

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

7. PREMIUM

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

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

8. 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, 2019

Particulars	Basis	Gross Premium	Retention	Cession	Retention	Cession
		(₹ '000)	(₹ '000)	(₹ '000)	%	%
Fire	Total sum insured	7,930,484	1,444,484	6,486,000	18	82
Marine Cargo	Value at Risk	1,548,746	678,916	869,829	44	56
Marine Hull	Total sum insured	377,703	1,396	376,308	0	100
Miscellaneous						
– Motor	Total sum insured	30,599,856	23,656,604	6,943,253	77	23
– Workmens Compensation	Value at Risk	193,318	162,599	30,719	84	16
– Public/Product Liability	Value at Risk	47,790	24,492	23,298	51	49
– Engineering	Total sum insured	1,572,751	457,739	1,115,013	29	71
– Aviation	Value at Risk	278,010	(94)	278,104	(0)	100
– Personal Accident	Value at Risk	6,964,561	4,921,195	2,043,366	71	29
– Health Insurance	Value at Risk	12,787,208	7,661,039	5,126,169	60	40
– Other Liability/Specialty	Value at Risk	2,218,565	825,856	1,392,709	37	63
– Others	Value at Risk	22,699,009	4,616,030	18,082,980	20	80

The above excludes Excess of Loss cover reinsurance premium of ₹ 722,382 thousand for the year ended on March 31, 2019.

For the year ended on March 31, 2018

Particulars	Basis	Gross Premium	Retention	Cession	Retention	Cession
		(₹ '000)	(₹ '000)	(₹ '000)	%	%
Marine Cargo	Value at Risk	1,225,542	526,961	698,581	43	57
Marine Hull	Total sum insured	348,417	1,544	346,873	0	100
Miscellaneous						
– Motor	Total sum insured	23,066,016	17,295,044	5,770,972	75	25
– Workmens Compensation	Value at Risk	136,176	128,729	7,448	95	5
– Public/Product Liability	Value at Risk	45,880	18,241	27,640	40	60
– Engineering	Total sum insured	1,326,982	347,339	979,642	26	74
– Aviation	Value at Risk	283,174	77,256	205,918	27	73
– Personal Accident	Value at Risk	5,934,527	4,263,000	1,671,527	72	28
– Health Insurance	Value at Risk	9,939,057	5,647,185	4,291,872	57	43
– Other Liability / Specialty	Value at Risk	1,484,129	622,836	861,293	42	58
– Others	Value at Risk	23,315,648	4,596,347	18,719,300	20	80

The above excludes Excess of Loss cover reinsurance premium of ₹ 560,423 thousand for the year ended on March 31, 2018.

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

9. INVESTMENTS

There are no contracts outstanding in relation to sales where deliveries are pending at the end of the year (Previous year ₹ Nil) except for following securities which have been sold, however debit in Company's Demat account has been done subsequent to the year end. There are no contracts outstanding in relation to purchase where payments are outstanding /overdue at the end of the year (Previous year ₹ 10,298 thousand).

(₹ '000)

Particulars	Nature	Type of Security	As at March 31, 2019	As at March 31, 2018
IL&FS Transportation Networks Ltd	Sale	Equity Shares	1,664	—
Infosys Limited	Purchase	Equity Shares	—	5,787
Reliance Industries Limited	Purchase	Equity Shares	—	4,511
Total			1,664	10,298

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 has non-performing investments amounting to ₹ 1,532,731 thousand (Previous year ₹ Nil) in Infrastructure Leasing & Financial Services Limited, IL&FS Financial Services Limited, IL&FS Transportation Networks Limited, for which the Company has made 100% provision in the financial statements. Additionally, during FY 2018-19, no interest income has been accrued on these investments.

Accordingly, these investments have been reclassified from "Investments in Infrastructure and Housing" and "Debentures/Bonds" to "Other than approved Investments-Preference Shares and Debentures" in Schedule 8 : Investments – Shareholders.

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

Mutual Funds – ₹ 2,191,425 thousand (Previous year ₹ 2,028,740 thousand)

Equity Shares – ₹ 4,035,529 thousand (Previous year ₹ 4,102,632 thousand)

(₹ '000)

Particulars	As at March 31, 2019	As at March 31, 2018
Aggregate market value of the Investments other than Mutual Fund and Equity	85,842,204	75,389,566
Aggregate amortized cost /cost of the Investments other than Mutual Fund and Equity	85,087,894	75,262,183

10. 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) and 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, 2019	For the year ended March 31, 2018
Salary, perquisites and bonus	124,573	104,015
Contribution to Provident Fund	3,778	3,336
Total	128,351	107,351

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

Out of the above ₹ 15,000 thousand (Previous year ₹ 15,000 thousand) remuneration for each Director has been charged to Revenue Accounts and balance ₹ 83,351 thousand (Previous ₹ 62,351 thousand) has been transferred to Profit and Loss Account.

- (b) Commission paid to Independent Directors during the year amounted to ₹ 3,753 thousand (Previous Year ₹ 4,000 thousand) and Fees paid to Non-Executive Directors for attending Board/Committee meetings amounted to ₹ 12,600 thousand (Previous Year ₹ 14,500 thousand)
- (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, 2019	For the year ended March 31, 2018
Salary, perquisites and bonus	97,563	89,621
Contribution to Provident Fund	2,397	2,208
Total	99,960	91,829

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.

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

Business Sector	For the year ended March 31, 2019		For the year ended March 31, 2018	
	GDPI (₹ '000)	% of GDPI	GDPI (₹ '000)	% of GDPI
Rural	26,665,185	31	26,173,855	36
Urban	59,463,322	69	46,725,844	64
Total	86,128,507	100	72,899,699	100

Social Sector	For the year ended March 31, 2019	For the year ended March 31, 2018
Number of lives	3,740,134	2,365,213
GDPI (₹ '000)	26,426,872	9,549,024

12. REINSURANCE REGULATIONS

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

13. ASSETS TAKEN ON LEASE

Operating lease commitments–Premises, Furniture and Fittings:

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

(₹ '000)

Particulars	As at March 31, 2019	As at March 31, 2018
Not later than one year	176,058	140,254
Later than one year but not later than five years	43,401	106,300
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 ₹ 241,893 thousand (Previous year ₹ 259,674 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.

14. TAXATION

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

(₹ '000)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Tax Assets:		
Section 43B & 40(a) of Income-tax Act, 1961	36,330	33,967
Rule 6 E of the Income-tax rules, 1962 (Reserve for unexpired risk)	107	209
Amalgamation Expenses	45,661	62,913
Provision for diminution in value of Investment and Doubtful Debts	553,939	
Total	636,036	97,089
Deferred Tax Liabilities:		
Depreciation	118,397	133,415
Total	118,397	133,415
Deferred Tax Asset /(Liabilities) (Net)	517,639	(36,326)

15. 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. The vested options may be exercised within a specified period.

Under ESOP 2009, during the year 1,055,000 options (Previous year 2,095,000 options) were granted at an exercise price of ₹ 257 per option (Previous year ₹ 151.00 per option). The options will vest over a period of two to four years from the date of grant as given below and are exercisable over a period of five years from the respective dates of vesting. Accordingly, during the year, Nil (Previous Year 457,750 options) options were vested out of Tranche V, 50,000 (Previous Year 33,750 options) options were vested out of Tranche VI, 190,750 (Previous Year 414,750 options) options were vested out of Tranche VII and 10,000 (Previous Nil options) options were vested out of Tranche VIII.

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

Method used for accounting

The Company has adopted intrinsic value method for computing the compensation cost for the Options granted. Since the exercise price is 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 ₹ 61,380 thousand (Previous year ₹ 35,447 thousand) and profit after tax would have been lower by ₹ 50,196 thousand (Previous year ₹ 27,879 thousand).

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

Consequently, the Company's basic and diluted earnings per share would have been ₹ 6.24 and ₹ 6.23 respectively. Movement in the options under ESOP 2009

(No. of Options)

Particulars	Tranche XI		Tranche X		Tranche IX		Tranche VIII	
	As At March 31, 2019	As At March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Outstanding at the Beginning of the year	—	—	—	—	2,015,000	—	40,000	40,000
Granted during the year	100,000	—	955,000	—	—	2,095,000	—	—
Exercised during the year	—	—	—	—	—	—	10,000	—
Lapsed during the year	—	—	40,000	—	—	80,000	—	—
Outstanding at the end of the year	100,000	—	915,000	—	2,015,000	2,015,000	30,000	40,000
Unvested at the end of the year	100,000	—	915,000	—	2,015,000	2,015,000	30,000	40,000
Vested at the end of the year	—	—	—	—	—	—	—	—
Weighted average price per option	257	—	257	—	151	151	91	91

(No. of Options)

Particulars	Tranche VII		Tranche VI		Tranche V		Tranche IV	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Outstanding at the Beginning of the year	940,250	1,227,000	50,000	135,000	108,500	909,000	189,000	1,596,350
Granted during the year	—	—	—	—	—	—	—	—
Exercised during the year	191,750	239,550	50,000	67,500	17,500	800,500	53,500	1,407,350
Lapsed during the year	—	47,200	—	17,500	—	—	—	—
Outstanding at the end of the year	748,500	940,250	—	50,000	91,000	108,500	135,500	189,000
Unvested at the end of the year	581,500	772,250	—	50,000	—	—	—	—
Vested at the end of the year	167,000	168,000	—	50,000	91,000	108,500	135,500	189,000
Weighted average price per option	80	80	80	80	62.5	62.5	50	50

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

(No. of Options)

Particulars	Tranche III		Tranche II		Tranche I	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Outstanding at the Beginning of the year	38,000	445,500	—	952,500	32,500	763,550
Granted during the year	—	—	—	—	—	—
Exercised during the year	20,000	407,500	—	952,500	7,500	731,050
Lapsed during the year	—	—	—	—	—	—
Outstanding at the end of the year	18,000	38,000	—	—	25,000	32,500
Unvested at the end of the year	—	—	—	—	—	—
Vested at the end of the year	18,000	38,000	—	—	25,000	32,500
Weighted average price per option	50	50	10	10	10	10

Fair Value Methodology:

The fair value of options on date of grant has been estimated using Black-Scholes model. The key assumptions used in Black-Scholes model for calculating fair value under ESOP 2009 Tranche I, Tranche II, Tranche III, Tranche IV, Tranche V, Tranche VI, Tranche VII, Tranche VIII, Tranche IX, Tranche X and Tranche XI as on the date of grant viz. February 10, 2010, May 25, 2010, July 25, 2011, April 24, 2012, April 30, 2013, April 25, 2014, March 16, 2015, April 21, 2016, April 28, 2017, April 16, 2018 and August 20, 2018 are as follows:

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

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

Particulars	Fair Value Method	
	For the period ended March 31, 2019	For the period ended March 31, 2018
A Net Profit After Tax (₹ '000)	3,779,680	4,009,178
B Less: Preference dividend	—	—
C Weighted Average number of Equity Shares of ₹10/- each (Basic) (in '000)	605,364	602,788
D Weighted Average number of Equity Shares of ₹10/- each (Diluted) (in '000)	606,975	604,361
E Basic Earnings Per Share (₹)	6.24	6.65
F Diluted Earnings Per Share (₹)	6.23	6.63

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Information in respect of Options outstanding

Particulars		Exercise Price (₹)	No. of Options	Weighted Average remaining life
Tranche XI	As at March 31, 2019	257	100,000	92 months
	As at March 31, 2018	—	—	—
Tranche X	As at March 31, 2019	257	915,000	88 months
	As at March 31, 2018	—	—	—
Tranche IX	As at March 31, 2019	151	2,015,000	76 months
	As at March 31, 2018	151	2,015,000	88 months
Tranche VIII	As at March 31, 2019	91	30,000	64 months
	As at March 31, 2018	91	40,000	76 months
Tranche VII	As at March 31, 2019	80	748,500	50 months
	As at March 31, 2018	80	940,250	62 months
Tranche VI	As at March 31, 2019	80	—	40 months
	As at March 31, 2018	80	50,000	52 months
Tranche V	As at March 31, 2019	62.5	91,000	28 months
	As at March 31, 2018	62.5	108,500	40 months
Tranche IV	As at March 31, 2019	50	135,500	16 months
	As at March 31, 2018	50	189,000	28 months
Tranche III	As at March 31, 2019	50	18,000	7 months
	As at March 31, 2018	50	38,000	19 months
Tranche II	As at March 31, 2019	10	—	41 months
	As at March 31, 2018	10	—	53 months
Tranche I	As at March 31, 2019	10	25,000	38 months
	As at March 31, 2018	10	32,500	50 months

16. SEGMENT REPORTING

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

17. ACCOUNTING RATIOS

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

18. EMPLOYEE BENEFITS

(a) Defined Contribution Plan:

(₹ '000)

Expenses on defined contribution plan	For the year ended March 31, 2019	For the year ended March 31, 2018
Contribution to Staff Provident fund	104,384	91,054
Contribution to Superannuation fund	904	829
Contribution to National Pension Scheme	12,447	12,251
Total	117,735	104,134

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

(b) Defined Benefit Plan – Gratuity :

Disclosures as per AS-15 (Revised) “Employee Benefits” for the year ended on March 31, 2019:

(₹ '000)

Sr. No.	Particulars	March 31, 2019	March 31, 2018
I.	Assumptions		
	Discount Rate	7.54%	7.82%
	Rate of increase in Compensation levels	7.00%	7.00%
	Rate of Return on Plan Assets p.a.	7.54%	7.82%
II.	Table Showing Change in Benefit Obligation		
	Net liability as per books (A)	234,391	190,652
	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)	234,391	190,652
	Interest Cost for the year	18,329	14,318
	Service Cost for the year	43,750	37,629
	Liability Transferred Out	Nil	Nil
	Benefits paid during the year	(49,949)	(21,547)
	Actuarial (Gain)/Loss on obligations	29,585	(13,339)
	Liabilities assumed on acquisition / settled	Nil	Nil
	Plan Benefit Obligation at the end of the year	276,106	234,391
III.	Tables of Fair value of Plan Assets		
	Fair Value of Plan Assets at the beginning of the year	229,315	171,907
	Expected Return on Plan Assets for the year	17,933	12,910
	Contributions during the year	81,545	68,717
	Assets taken over from Transferor Company	Nil	Nil
	Benefits Paid during the year	(49,949)	(19,773)
	Actuarial Gain/(Loss) on Plan Assets	(1,808)	(4,446)
	Fair Value of Plan Assets at the end of the year	277,036	229,315
IV.	The Amounts to be recognised in the Balance Sheet		
	Present Value of Obligation	(276,106)	(234,391)
	Fair Value of Plan Assets	277,036	229,315
	Asset/(Liability) Recognised in Balance Sheet	930	(5,075)
V.	Amounts to be recognised in the Revenue Accounts (Net Periodic Cost)		
	Current Service Cost	43,750	37,629
	Interest Cost	397	1,408
	Expected Return on Plan Assets	Nil	Nil
	Net actuarial Gain/(Loss) recognised in the year	(31,393)	(17,785)
	Actuarial determined charge for the year (A)	75,540	56,822
	Shortfall/(Excess) (B)	Nil	Nil
	Total Charge as per books (A+B)	75,540	56,822
	(expense is disclosed in the line item – Employees’ remuneration and welfare benefit)		

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

(₹ '000)

Sr. No.	Particulars	March 31, 2019	March 31, 2018
VI.	Movements in the liability recognised in the Balance Sheet:		
	Net Liability as per books (A)	5,075	18,745
	Shortfall/(Excess) in opening liability determined as per actuarial valuation (B)	Nil	Nil
	Opening net liability(A+B)	5,075	18,745
	Expense as above	75,540	56,822
	Net Liability / (Asset) Transfer In	Nil	Nil
	Net (Liability) / Asset Transfer Out	Nil	Nil
	Contribution paid	(81,545)	(70,492)
	Closing Net (Asset)/Liability	(930)	5,075
VII.	Actual Return on Plan Assets		
	Expected return on Plan Assets	17,932	12,910
	Actuarial Gain/(Loss) on Plan Assets	(1,808)	(4,446)
	Actual return on Plan assets	16,124	8,464

Experience adjustments

(₹ '000)

Particulars	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Defined Benefit Obligation	276,106	234,391	190,652	18,672	13,476
Plan Assets	277,036	229,315	171,907	—	—
Surplus/(Deficit)	930	(5,076)	(18,745)	(18,672)	(13,476)
Experience Adjustment on Plan Liabilities	(21,701)	(20,613)	(5,019)	(875)	(3,865)
Experience Adjustment on Plan Assets	(1,808)	(4,446)	(419)	—	—

Investment Pattern of Gratuity Funds:

Particulars	Invested as on March 31, 2019		Invested as on March 31, 2018	
	Secure Managed Fund	Liquid Fund	Secure Managed Fund	Liquid Fund
Government Securities	34%	—	37%	—
Debentures/Bonds	60%	—	59%	—
Deposits, Money Market Securities and Net Current Assets	6%	100%	4%	100%
Total	100%	100%	100%	100%

The funds are managed by HDFC Standard Life Insurance Company Limited. Secure Managed Fund constitutes 93% (Previous Year 91%) and Liquid Fund constitutes 7% (Previous Year 9%) 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 2019-20, amounts to ₹ 50,691 thousand (Previous year ₹ 65,030 thousand).

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

19. 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 Standard Life Insurance Company Limited

GRUH Finance Limited

HDFC Sales Private Limited

HDFC Property Ventures Limited

HDFC Credila Financial Services Private Limited

HDFC Education and Development Services Private Limited

HDFC Capital Advisors Limited.

HDFC Pension Management Company Limited

Entities over which control is exercised

HDFC Investment Trust

HDFC Investment Trust II

Investing Party and its group companies

ERGO International AG

Munich Re

Key Management Personnel and Relatives of Key Management Personnel

Mr. Ritesh Kumar, Managing Director and CEO

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

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

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

Mr. Mukesh Kumar, Executive Director (upto May 30, 2018)

Mr. Anuj Tyagi, Executive Director and Chief Business Officer

Mr. Samir Shah, Executive Director and CFO

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

(b) Details of Transactions:

(₹ '000)

Particulars	Holding Company		Fellow subsidiaries*		Investing Party and its group companies		Key Management Personnel (including relatives)	
	Year ended March 31,2019	Year ended March 31,2018	Year ended March 31,2019	Year ended March 31,2018	Year ended March 31,2019	Year ended March 31,2018	Year ended March 31,2019	Year ended March 31,2018
INCOME								
Interest, Dividend and Rent-Gross	281,215	195,383	11,700	11,700	—	—	—	—
Premium from direct business written-net of service tax/GST	104,009	81,979	64,009	45,535	—	—	295	177
Commission received on Reinsurance ceded	—	—	—	—	428,571	515,126	—	—
Claims on Re-insurance ceded	—	—	—	—	1,939,053	638,371	—	—
Other Income	284	189	—	—	42,641	27,452	—	—
Total	385,509	277,551	75,709	57,235	2,410,265	1,180,949	295	177
EXPENSES								
Rent, rates and taxes	66,702	66,746	—	—	—	—	—	—
Name Usage Fees	348,872	296,044	—	—	—	—	—	—
Electricity expenses	1,093	1,082	—	—	—	—	—	—
Claims paid direct	6	259	70,502	7,666	—	—	—	—
Commission paid	1	9	502,117	438,862	—	—	—	—
Employees' remuneration and welfare benefits	—	—	—	—	—	—	128,351	107,351
Premium on Reinsurance ceded	—	—	—	—	2,275,117	2,287,474	—	—
Interest on Debentures	—	—	—	—	129,200	129,200	—	—
Dividend	687,806	610,820	—	—	657,455	584,405	—	—
Insurance Premium Paid	—	—	12,112	1,692	—	—	—	—
Repairs (Office Maintenance)	3,866	4,558	—	—	—	—	—	—
Others	859	753	—	—	—	—	—	—
Total	1,109,205	980,271	584,731	448,220	3,061,772	3,001,079	128,351	107,351

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Particulars	Holding Company		Fellow subsidiaries*		Investing Party and its group companies		Key Management Personnel (including relatives)	
	Year ended March 31,2019	Year ended March 31,2018	Year ended March 31,2019	Year ended March 31,2018	Year ended March 31,2019	Year ended March 31,2018	Year ended March 31,2019	Year ended March 31,2018
ASSETS:								
Transactions during the year								
Investment purchased during the year	—	—	—	507,987	—	—	—	—
Investment sold during the year	—	—	—	101,343	—	—	—	—
Account Balances:								
Investments	3,488,034	2,836,723	121,072	121,296	—	—	—	—
Income accrued on investments	219,283	104,976	224	224	—	—	—	—
Other Receivable	—	19	—	—	10,897	7,611	—	—
LIABILITIES:								
Account Balances:								
Share Capital	3,056,917	3,054,100	—	—	2,922,023	2,922,023	—	—
Securities Premium	4,940,894	4,940,894	—	—	3,260,251	3,260,251	—	—
Debentures	—	—	—	—	1,700,000	1,700,000	—	—
Balance due to other insurance companies	—	—	—	—	696,468	1,236,978	—	—
Due to holding company	69,740	79,017	—	—	—	—	—	—
Interest Payable on Debentures	—	—	—	—	47,854	47,880	—	—
Unallocated premium	8,881	7,588	18,686	17,211	—	—	—	—
Agents' Balances	—	61	56,620	54,676	—	—	—	—

* includes transaction with HDFC Investment Trust & HDFC Investment Trust II (Entity over which control is exercised by the Holding Company)

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Transactions included in (b) above which are in excess of 10% of the total related transactions of the same type are given below for the Financial Year 2018-2019:

(₹ '000)

Particulars	Munich Re	ERGO International AG	HDFC AMC Ltd	HDFC Standard Life	HDFC Sales Private Limited
INCOME					
Premium from direct business written-net of GST.	—	—	11,593	9,601	38,259
Commission received on Reinsurance ceded.	428,571	—	—	—	—
Claims on Re-insurance ceded.	1,939,053	—	—	—	—
Other Income.	768	41,874	—	—	—
Total	2,368,392	41,874	11,593	9,601	38,259
EXPENSES					
Claims paid direct	—	—	69,394	1,108	—
Premium on Reinsurance ceded	2,275,117	—	—	—	—
Interest on Debentures	—	129,200	—	—	—
Dividend	—	657,455	—	—	—
Commission Paid	—	—	—	—	502,117
Insurance Premium Paid	—	—	—	12,112	—
Total	2,275,117	786,655	69,394	13,220	502,117
ASSETS:					
Account Balances					
Other Receivable	768	10,129	—	—	—
LIABILITIES:					
Account Balances					
Share Capital	—	2,922,023	—	—	—
Securities Premium	—	3,260,251	—	—	—
Debentures	—	1,700,000	—	—	—
Balance due to other insurance companies	696,468	—	—	—	—
Interest Payable on Debentures	—	47,854	—	—	—
Unallocated Premium	—	—	17,098	469	82
Agents Balances	—	—	—	—	56,620

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 2018-2019:

(₹ '000)

Particulars	Ritesh Kumar (Incl Relatives)	Mukesh Kumar (Incl Relatives)	Anuj Tyagi (Incl Relatives)	Samir Shah (Incl Relatives)
INCOME				
Premium from direct business written-net of GST	179	—	109	7
Total	179	—	109	7
EXPENSES				
Commission paid direct	—	—	—	—
Employees remuneration and welfare benefits	75,177	4,172	25,786	23,216
Total	75,177	4,172	25,786	23,216

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 2017-2018:

(₹ '000)

Particulars	Munich Re	ERGO International AG	HDFC Standard Life	HDFC AMC Ltd
INCOME				
Premium from direct business written-net of service tax/GST	—	—	9,611	6,457
Commission received on Reinsurance ceded.	515,126	—	—	—
Claims on Re-insurance ceded.	638,371	—	—	—
Other Income.	—	27,452	—	—
Total	1,153,497	27,452	9,611	6,457
EXPENSES				
Claims paid direct	—	—	7,124	—
Premium on Reinsurance ceded	2,287,474	—	—	—
Interest on Debentures	—	129,200	—	—
Dividend	—	584,405	—	—
Insurance Premium Paid	—	—	1,692	—
Total	2,287,474	713,605	8,816	—
ASSETS:				
Transactions during the year				
Investment purchased during the year	—	—	507,987	—
Investment sold during the year	—	—	101,343	—
Account Balances				
Other Receivable	—	7,611	—	—
LIABILITIES:				
Account Balances				
Share Capital	—	2,922,023	—	—
Securities Premium	—	3,260,251	—	—
Debentures	—	1,700,000	—	—
Balance due to other insurance companies	1,236,978	—	—	—
Interest Payable on Debentures	—	47,880	—	—
Unallocated Premium	—	—	654	13,679

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 2017-2018:

(₹ '000)

Particulars	HDFC Sales Private Limited	Ritesh Kumar (Incl Relatives)	Mukesh Kumar (Incl Relatives)	Anuj Tyagi (Incl Relatives)
INCOME				
Premium from direct business written-net of service tax/GST.	22,939	75	67	35
Total	22,939	75	67	35
EXPENSES				
Commission paid direct	433,071	—	—	—
Employees remuneration and welfare benefits	—	60,020	24,408	22,923
Total	433,071	60,020	24,408	22,923
LIABILITIES:				
Account Balances				
Unallocated Premium	2,697	—	—	—
Agents Balances	54,676	—	—	—

20. LOAN RESTRUCTURING

The Company has not given any loans in the financial year 2018-19(Previous year ₹ Nil)

21. SUMMARY OF FINANCIAL STATEMENTS

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

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

- (a) During the year foreign exchange Loss (Net) earned by the Company is ₹ 20,147 thousand (Previous year ₹ 6,085 thousand) (included in Schedule 4 - Operating Expenses, under the head "Miscellaneous Expenses.")
- (b) The year end foreign currency exposure is ₹ Nil (Previous year ₹ Nil).

23. (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 ₹ 14,249 thousand (Previous year ₹ 9,397 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 ₹ 3,021 thousand (Previous year ₹ 3,115 thousand) was collected towards Environment Relief Fund for public liability policies and an amount of ₹ 2,992 thousand (Previous year

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

₹ 3,523 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 ₹ 173 thousand (Previous year ₹ 144 thousand) is included under balance due to other Insurance Companies in Schedule 13.

24. EARNINGS PER SHARE (EPS)

Sr. No.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
1	Net Profit After Tax for the year (₹ '000)	3,829,877	4,037,057
2	Weighted Average No. of Equity Shares for Basic (₹ '000)	605,364	602,788
3	Weighted Average No. of Equity Shares for Diluted (₹ '000)	606,975	604,361
4	Basic Earnings per Share (₹)	6.33	6.70
5	Diluted Earnings per Share (₹)	6.31	6.68
6	Nominal Value Per Share (₹)	10.00	10.00

There are 1,611 thousand (Previous year 1,573 thousand) dilutive potential equity shares outstanding during the year.

25. According to the information available with the Company there are no dues (Previous year ₹ Nil) including any overdue amount (Previous year ₹ Nil) interest due thereon (Previous year ₹ Nil) and interest paid during the year (Previous year ₹ Nil) to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2019.

26. 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).

27. 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**.

28. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Ministry of Corporate Affairs has notified Section 135 of the Companies Act, 2013 on Corporate Social Responsibility with effect from April 1, 2014. As per the provisions of the said Section, the Company has undertaken the following CSR initiatives during the financial year 2018-19:

- “Adopt Village” programme called “Gaon Mera” programme introduced to improve the sanitation, healthcare, education and livelihood of villagers in selected villages ie Agrapharam in Andhra Pradesh, Pandiya Pathar in Odisha, and Tandia in Uttar Pradesh.
- Community hall construction in Government Primary School located in Sarsai village, Kullu, Himachal Pradesh
- Medical camps being set up across rural areas in India to create awareness towards health, hygiene and vision related issues.

The Gross amount required to be spent by the Company on CSR initiatives is ₹ 34,511 thousand (Previous year ₹ Nil).

The amount spent during the year is as follows:

(₹ '000)

Sr. No.	Particulars	Incurred and Paid For the year ended March 31, 2019	Incurred and Paid For the year ended March 31, 2018
1.	Construction/acquisition of any asset	Nil	Nil
2.	On purposes other than (i) above	40,901	46,226

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

29. PROVISION FOR FREE LOOK PERIOD

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

30. 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, 2019	For the year ended March 31, 2018
G. M. Kapadia & Co.	Review of quarterly financial information	1,416	1,658
	Certification	267	357
B. K. Khare & Co.	Tax Audit	472	472
	Certification	60	153

31. 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	Settlement of Total Loss cases under Motor at lesser value than Insured Declared Value (IDV) (N.A.)	500 (Nil)	500 (Nil)	Nil (Nil)
2	Service Tax Authorities	N.A. (Availment of ineligible Cenvat credit)	Nil (4,416)	Nil (4,416)	Nil (Nil)
3	Income Tax Authorities	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4	Any other Tax Authorities	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
5	Enforcement Directorate/Adjudicating Authority/Tribunal or any Authority under FEMA	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 2013/1956	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
8	Securities and Exchange Board of India	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
9	Competition Commission of India	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
10	Any other Central/State/Local Government/ Statutory Authority	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)

(Previous year's figures are in brackets)

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

32. As required by section 71 of the Companies Act, 2013 during the year the Company has created Debenture redemption reserve of ₹ 97,200 thousand (Previous year ₹ 97,200 thousand) on 10 years 3,500 nos. of 7.60% Unsecured, Subordinated, Fully paid up, Listed, Redeemable Non-Convertible Debentures (NCDs) having face value of ₹1,000 thousand each, for cash at par under NCD Series 2016-17/1 with a call option after 5 years.
33. During the year, the Company has received an amount of ₹175,000 thousand from Larsen & Toubro Limited towards claims under Representation and Warranty, in terms of Share Sale and Purchase agreement dated June 03, 2016.
34. The company is in the process of evaluating the impact of recent Supreme Court Judgement in case of “Vivekananda Vidyamandir and others Vs The Regional Provident fund Commissioner (I) West Bengal” and related circular (Circular No C-11(33) 2019/Vivekananda Vidya Mandir/284 dated March 20, 2019) issued by the Employees’ Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of “Basic wages” under the Employees Provident Fund & Miscellaneous Provision Act, 1952. In the assessment of the management, which is supported by legal advice, the aforesaid matter is not likely to have a material impact for the year ended March 31, 2019.
35. Previous period figures have been regrouped in respect of following items for better presentation, understanding and comparability with those of the current period.

Under Receipts and Payments Account, CSR expenses have been regrouped from “Cash Flows from Operating activities –payments of other operating expenses” to “Cash Flows from Operating activities - CSR expenses”. As a result, payment of Other Operating Expenses has reduced to the extent of ₹ 46,226 thousand, CSR expenses has increased to the extent of ₹ 46,226 thousand.

Signature to the Notes to Accounts
For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Director
(DIN: 00008886)

Renu Sud Karnad
Director
(DIN: 00008064)

Alexander Ankel
Director
(DIN: 07798908)

Theodoros Kokkalas
Director
(DIN: 08093899)

Bernhard Steinruecke
Independent Director
(DIN: 01122939)

Mehernosh B.Kapadia
Independent Director
(DIN: 00046612)

Arvind Mahajan
Independent Director
(DIN: 07553144)

Ameet P. Hariani
Independent Director
(DIN: 00087866)

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

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

Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)

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

Mumbai,
Dated: May 03, 2019

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Annexure 1

Segmental Breakup of the Balance Sheet as at March 31, 2019

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	827,002	506,522	34,253,316	—	35,586,840
(Refer note 2(h))	(762,527)	(508,500)	(27,756,202)	—	(29,027,230)
Reserve for Unexpired Risk	2,163,723	195,678	26,054,115	—	28,413,517
	(2,094,265)	(144,717)	(20,546,768)	—	(22,785,750)

(Previous year's figures are in brackets)

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE PERIOD ENDED MARCH 31, 2019

Annexure 1

	File	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Speciality*	Weather/Crop	Others	Total
Premium Earned (Net) (Schedule - A)	991,370	601,643	1,609	20,212,245	11,660,818	8,551,427	138,992	16,493	5,550	282,944	351,944	515	3,821,350	6,710,341	16,555	457,282	3,871,621	610,653	38,100,107
Profit on Sale of Investments	29,234	6,720	56	387,275	74,413	292,863	1,800	148	97	2,289	3,323	1,662	67,270	59,843	420	3,720	28,211	7,131	578,999
Interest, Rent and Dividend (Net of Amortisation)	254,179	58,431	485	3,193,294	646,985	2,546,309	15,647	1,289	846	19,903	28,883	14,449	584,881	518,573	3,650	32,342	245,284	62,001	5,034,147
Investment Income from Pool	44,972	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,972
Other Income	1,522	948	3	31,851	18,376	13,476	219	26	9	446	548	-	6,022	10,574	26	721	6,110	962	59,987
Total Segmental Revenue	1,321,277	667,743	2,152	23,804,655	12,400,591	11,404,074	156,658	17,956	6,502	305,582	387,709	16,625	4,475,523	7,299,132	20,651	494,065	4,157,227	680,747	43,818,212
Claims Incurred (Net) (Schedule - B)	528,742	560,411	1,849	16,530,458	9,134,315	7,396,143	92,771	(1,205)	(1,079)	78,236	312,608	62,821	1,191,921	5,388,023	2,943	102,327	3,639,668	621,221	29,081,815
Commission (Net) (Schedule - C)	(549,837)	100,096	(8,162)	1,777,771	2,192,870	(415,099)	21,735	2,536	886	52,641	(103,186)	(6,577)	(297,259)	(1,467,538)	1,222	41,491	(972,399)	(119,385)	(1,525,955)
Operating Expenses Related to Insurance Business (Schedule - D)	1,009,011	197,960	48,278	3,911,254	2,090,000	1,821,255	24,710	4,772	1,336	110,958	200,081	35,535	890,206	1,634,463	3,199	172,617	2,854,211	214,732	11,313,294
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenditure	987,916	858,457	41,964	22,219,482	13,417,184	8,802,299	139,215	6,403	1,142	241,836	409,483	91,779	1,784,867	5,535,038	7,364	316,435	5,621,480	716,588	38,679,154
Segmental Profit/(Loss)	333,361	(190,714)	(39,812)	1,585,163	(1,016,593)	2,601,775	17,443	11,953	5,359	63,746	(21,774)	(75,154)	2,694,655	1,764,093	13,286	177,630	(1,364,253)	(35,844)	4,939,058

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

SCHEDULE - A to Annexure 1

	File	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Speciality	Weather/Crop	Others	Total
PREMIUM EARNED (NET) (Refer Notes 7 and 8 of Schedule 16)	7,196,378	1,423,722	377,703	30,399,856	16,351,195	14,248,661	193,318	35,745	10,095	829,745	1,490,983	280,321	6,944,603	12,787,131	25,028	1,261,306	20,994,017	1,678,454	86,128,508
Premium from direct business written net of GST	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: Premium on Re-insurance accepted	734,006	125,023	(895,928)	(7,054,199)	(3,745,085)	(3,309,114)	(31,209)	(18,682)	(4,606)	(523,750)	(1,211,460)	(278,104)	(2,112,010)	(5,127,818)	(8,148)	(868,960)	(17,189,857)	(915,425)	(43,490,129)
Less: Premium on Re-insurance ceded	1,069,828	652,817	1,396	23,545,657	12,606,110	10,939,547	162,109	18,645	5,847	344,337	361,291	(94)	4,852,551	7,659,390	16,880	481,519	3,800,161	764,538	43,727,874
Net Premium	(69,458)	(51,174)	213	(3,333,412)	(945,292)	(2,388,120)	(23,117)	(2,152)	(297)	(61,393)	(63,471)	609	(1,031,202)	(949,049)	(325)	(24,237)	77,461	(153,887)	(6,627,767)
Add/(Less): Adjustment for changes in reserve for unassigned risks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Premium Earned	991,370	601,643	1,609	20,212,245	11,660,818	8,551,427	138,992	16,493	5,550	282,944	351,944	515	3,821,350	6,710,341	16,555	457,282	3,871,621	610,653	38,100,107

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE PERIOD ENDED MARCH 31, 2019 (Continued)
SCHEDULE - B to Annexure 1

	Fire	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/Crop	Others	Total	
CLAIMS INCURRED (NET) (Refer note 6 of Schedule 16)																				
Claims paid direct	2,776,389	1,442,649	138,058	15,503,956	11,585,448	3,918,508	64,487	3	-	1,152,400	630,338	199,786	1,675,395	6,659,100	5,674	181,791	18,806,349	1,210,825	49,949,399	
Add: Claims on Re-insurance accepted	162,801	85,316	-	-	-	-	-	-	-	-	6,818	71,555	1,627	16,862	-	286	-	-	3,45,075	
Less: Re-insurance ceded	(2,474,923)	(663,867)	(137,917)	(5,244,554)	(2,822,968)	(2,421,586)	(3,383)	-	-	(1,121,656)	(323,893)	(170,211)	(477,744)	(1,621,029)	(440)	(84,414)	(44,794,668)	(646,589)	(27,762,269)	
Net Claims paid	464,267	564,097	142	10,259,402	8,762,480	1,496,921	61,103	3	-	30,744	315,263	101,140	1,197,278	5,094,933	5,234	100,663	3,813,680	564,235	22,532,205	
Add: Claims Outstanding at the end of the year	827,002	501,588	4,834	28,854,080	1,617,909	27,236,171	133,049	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	
Less: Claims Outstanding at the beginning of the year	(762,527)	(505,274)	(3,226)	(22,583,023)	(1,246,074)	(21,336,949)	(101,382)	(9,434)	(6,876)	(87,307)	(184,002)	(184,764)	(637,377)	(858,223)	(8450)	(169,933)	(2,898,323)	(225,108)	(29,027,229)	
Total Claims Incurred	528,742	560,411	1,849	16,530,458	9,134,315	7,966,143	92,771	(1,205)	(1,079)	78,236	312,608	62,821	1,191,921	5,388,123	2,943	102,327	3,639,668	621,221	29,091,815	

SCHEDULE - C to Annexure 1

	Fire	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/Crop	Others	Total	
COMMISSION PAID (NET)																				
Commission paid direct	560,518	177,467	13,286	3,109,829	2,943,480	166,349	23,711	2,889	1,308	98,155	10,525	5,548	8,28,854	1,411,811	1,663	145,877	4,858	67,724	6,548,658	
Add: Commission paid on Re-insurance accepted	31,176	6,835	-	-	-	-	-	315	36	7,544	5,698	85	408	9	-	17,852	-	19	69,975	
Less: Commission received on Re-insurance ceded	(1,144,153)	(84,216)	(21,458)	(1,332,058)	(750,610)	(581,448)	(1,976)	(768)	(458)	(53,057)	(214,135)	(12,210)	(1,112,521)	(2,879,158)	(441)	(122,238)	(977,257)	(187,108)	(8,154,588)	
Net commission paid/(received)	(549,837)	100,086	(6,162)	1,777,771	2,192,870	(415,099)	21,735	2,536	886	52,641	(103,186)	(6,577)	(297,259)	(1,467,538)	1,222	41,481	(972,399)	(119,365)	(4,525,955)	

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE PERIOD ENDED MARCH 31, 2019 (Continued)
SCHEDULE - D to Annexure 1

	(₹ '000)																			
	Fire	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/Crop	Others	Total	
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS																				
Employees remuneration and welfare benefits (Refer note 10 of Schedule 16)	304,259	59,693	14,558	1,179,408	630,223	549,185	7,451	1,439	403	334,459	60,327	10,715	286,435	492,857	965	52,061	809,171	64,751	3,339,941	
Travel, conveyance and vehicle running expenses	15,823	3,065	747	60,559	32,360	28,199	383	74	21	1,718	3,088	560	13,783	25,307	50	2,673	41,548	3,325	172,523	
Training expenses	57,748	11,330	2,763	223,850	119,615	104,234	1,414	273	76	6,350	11,450	2,034	50,948	93,343	183	9,879	153,579	12,290	637,711	
Rents, rates and taxes	34,032	6,677	1,628	131,916	70,491	61,427	833	161	45	3,742	6,748	1,199	30,025	55,127	108	5,822	90,507	7,242	375,814	
Repairs	13,885	2,724	664	53,824	28,761	25,063	340	66	18	1,527	2,753	489	12,250	22,492	44	2,375	36,927	2,955	153,335	
Printing and stationery	13,430	2,635	643	52,057	27,817	24,240	329	64	18	1,477	2,663	473	11,848	21,754	43	2,297	35,716	2,858	148,303	
Communication	5,239	1,028	251	20,307	10,851	9,456	128	25	7	576	1,039	184	4,622	8,466	17	896	13,932	1,115	57,852	
Legal and professional charges	219,752	43,114	10,514	851,830	455,180	396,650	5,392	1,039	291	24,166	43,571	7,739	19,378	355,967	697	37,594	584,426	46,766	2,406,726	
Auditors' fees, expenses etc.																				
(a) as auditors	921	181	44	3,570	1,908	1,662	23	4	1	101	183	32	813	1,492	3	158	2,449	196	10,170	
(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	201	39	10	778	416	362	5	1	-	22	40	7	177	325	1	34	534	43	2,216	
Advertisement and publicity	216,346	42,563	10,380	840,953	449,368	391,585	5,313	1,026	287	23,857	43,015	7,640	131,402	351,421	688	37,114	576,963	46,169	2,385,738	
Interest and bank charges	18,939	3,716	906	73,412	39,228	34,184	464	90	25	2,083	3,755	667	16,709	30,678	60	3,240	221,135	4,030	379,908	
Others:																				
Electricity expenses	6,997	1,373	335	27,121	14,492	12,629	171	33	9	769	1,387	246	6,173	11,334	22	1,197	18,607	1,489	77,264	
Office expenses	3,617	710	173	14,021	7,492	6,529	89	17	5	398	717	127	3,191	5,899	11	619	9,619	770	39,942	
Miscellaneous expenses	16,176	3,174	774	62,704	33,506	29,198	396	77	21	1,779	3,207	570	14,271	26,003	51	2,767	43,020	3,442	178,632	
Information technology expenses	36,656	7,192	1,754	142,090	75,926	66,163	898	173	49	4,031	7,288	1,391	32,340	59,377	116	6,271	97,485	7,801	404,190	
Postage and courier	13,788	2,705	660	53,446	28,559	24,887	338	65	18	1,516	2,734	486	12,164	22,334	44	2,359	36,668	2,934	152,259	
Loss on sale of assets	263	52	13	1,020	545	475	6	1	-	29	52	9	232	426	1	45	699	56	2,904	
Depreciation	30,341	5,992	1,461	118,387	63,261	55,126	748	144	40	3,359	6,056	1,076	26,945	49,472	97	5,225	81,224	6,500	337,266	
Total Operating Expenses	1,009,011	197,960	48,278	3,911,254	2,090,000	1,821,255	24,710	4,772	1,336	110,958	200,081	35,935	890,206	1,634,463	3,199	172,617	2,654,211	214,732	11,313,294	

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE PERIOD ENDED MARCH 31, 2018

Annexure 1

	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
Premium Earned (Net) (Schedule - A)	973,629	485,686	447	35,108,688	8,937,195	6,231,493	124,618	16,262	5,738	206,404	257,132	133,874	3,966,526	4,684,548	13,658	31,151.7	3,659,574	536,696	29,944,995
Profit on Sale of Investments	32,865	8,072	64	352,645	75,094	277,552	2,024	193	167	2,025	4,156	2,213	70,720	60,374	475	3,433	37,081	6,744	583,242
Interest, Rent and Dividend (Net of Amortisation)	238,338	58,558	467	2,558,344	544,784	2,013,560	14,682	1,400	1,215	14,687	30,147	16,058	513,053	437,999	3,447	24,908	289,016	48,924	4,231,261
Investment Income from Pool	40,724	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,724
Other Income	1,147	629	1	19,633	11,567	8,065	161	21	7	267	314	-	4,357	6,063	18	403	4,737	695	38,452
Total Segmental Revenue	1,286,713	552,944	979	38,099,311	9,568,640	8,530,670	141,485	17,876	7,128	223,383	291,748	152,145	3,954,656	5,188,985	17,598	340,261	3,970,407	593,068	34,838,675
Claims Incurred (Net) (Schedule - B)	641,453	399,520	(10,35)	12,796,097	6,158,239	6,539,858	778	990	(6,375)	50,509	158,702	168,973	1,223,513	3,009,439	8,378	138,068	3,204,245	471,450	22,266,810
Commission (Net) (Schedule - C)	(183,433)	39,533	(6,336)	998,364	1,363,278	(365,614)	13,053	1,757	1,695	31,800	(125,915)	6,070	(89,763)	(1,372,261)	2,417	67,642	(2,069,184)	320	(2,684,240)
Operating Expenses Related to Insurance Business (Schedule - D)	963,197	171,694	48,812	3,231,434	1,914,978	1,316,456	19,078	3,131	3,297	74,626	184,933	39,669	831,402	1,392,414	4,440	133,292	3,265,250	178,034	10,544,702
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenditure	1,421,217	610,748	41,441	17,027,894	9,437,195	7,930,699	32,909	5,878	(1,382)	156,936	217,719	214,113	1,965,152	3,029,992	15,236	339,102	4,400,311	649,803	30,127,273
Segmental Profit/(Loss)	(134,504)	(57,804)	(40,462)	1,071,416	1,31,446	939,971	108,576	11,998	8,510	66,447	74,029	(62,968)	1,989,504	2,169,392	2,362	1,159	(429,904)	(56,746)	4,711,402

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

SCHEDULE - A to Annexure 1

	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
PREMIUM EARNED (NET) (Refer note 7 and 8 of Schedule 16)	6,200,277	1,097,518	348,417	23,066,016	13,689,130	9,396,886	136,176	22,339	23,542	512,763	1,242,402	212,194	5,931,623	9,925,244	31,694	867,760	22,013,134	1,268,598	72,899,697
Premium from direct business written-net of Service tax/GST	705,391	128,024	-	-	-	-	-	-	-	19,921	84,580	70,980	2,904	13,813	-	83,685	-	2,222	1,111,420
Add: Premium on Re-insurance accepted	(5,608,014)	(717,300)	(346,809)	(5,849,026)	(3,454,124)	(2,394,902)	(7,841)	(9,423)	(18,212)	(310,235)	(1,054,482)	(205,875)	(1,730,384)	(4,292,397)	(10,342)	(550,823)	(18,105,436)	(639,762)	(39,456,361)
Less: Premium on Re-insurance ceded	1,297,355	505,243	1,609	17,216,990	10,215,006	7,001,984	128,336	12,915	5,330	222,449	272,500	77,299	4,204,143	5,646,660	21,352	400,622	3,907,699	631,068	34,354,756
Net Premium	(323,925)	(22,556)	(1,161)	(2,048,302)	(1,277,811)	(770,919)	(3,717)	3,346	408	(16,045)	(15,368)	56,575	(837,617)	(962,112)	(7,994)	(89,105)	(248,124)	(94,362)	(4,609,759)
Add/(Less): Adjustment for changes in reserve for unexpired risks	973,629	485,686	447	15,168,688	8,937,195	6,231,493	124,618	16,262	5,738	206,404	257,132	133,874	3,966,526	4,684,548	13,658	311,517	3,659,574	536,696	29,944,997

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE PERIOD ENDED MARCH 31, 2018 (Continued)
SCHEDULE - B to Annexure 1

	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) (Refer note 6 of Schedule 16)																				
Claims paid direct	2,573,462	883,261	67,631	12,286,684	8,536,673	3,750,011	27,207	55	-	151,693	516,038	352,945	1,366,204	4,175,642	7,016	224,109	16,716,925	788,965	40,142,027	
Add: Claims on Re-insurance accepted	199,230	27,791	2,513	-	-	-	-	-	-	-	939	95,491	-	3	-	11,063	-	-	337,030	
Less: Re-insurance ceded	(2,219,685)	(483,370)	(68,302)	(4,400,088)	(2,551,405)	(1,848,684)	(1,360)	(3)	-	(107,473)	(333,423)	(350,229)	(328,111)	(1,130,737)	(218)	(72,077)	(13,175,847)	(350,570)	(23,122,474)	
Net Claims paid	553,016	427,681	842	7,886,595	5,985,268	1,901,327	25,846	52	-	44,220	185,554	98,207	1,040,093	3,045,107	6,798	63,094	3,541,078	438,395	17,366,583	
Add: Claims Outstanding at the end of the year	762,527	505,274	3,226	22,583,023	1,246,074	21,336,949	101,382	9,434	8,876	87,307	184,002	184,764	637,377	858,223	8,450	169,933	2,698,323	225,108	29,027,229	
Less: Claims Outstanding at the beginning of the year	(674,092)	(533,435)	(5,103)	(17,671,521)	(1,073,103)	(16,598,418)	(126,451)	(8,496)	(15,251)	(61,018)	(210,854)	(113,597)	(453,957)	(893,892)	(6,870)	(94,860)	(3,035,156)	(192,053)	(24,117,006)	
Total Claims Incurred	641,463	399,520	(10,35)	12,798,097	6,158,239	6,639,858	778	990	(6,375)	50,509	158,702	168,973	1,223,513	3,009,439	8,378	138,168	3,204,245	471,450	22,666,806	

SCHEDULE - C to Annexure 1

	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	448,277	101,031	2,985	2,063,140	2,023,872	39,268	14,303	2,105	3,619	48,223	99,522	7,573	838,608	1,226,019	2,933	101,193	463	71,733	5,031,717	
Add: Commission paid on Re-insurance accepted	51,316	7,360	-	-	-	-	-	-	-	4,735	5,821	6,475	-	1,815	-	12,823	-	16	90,361	
Less: Commission received on Re-insurance ceded	(683,026)	(68,858)	(8,321)	(1,084,778)	(659,894)	(404,882)	(1,250)	(948)	(1,914)	(21,158)	(231,258)	(7,978)	(928,371)	(2,600,995)	(516)	(46,374)	(2,089,647)	(71,429)	(7,806,319)	
Net commission paid/(received)	(183,433)	39,533	(63,36)	998,364	1,363,978	(365,614)	13,053	1,757	1,695	31,800	(125,915)	6,070	(897,63)	(1,372,261)	2,417	67,642	(2,089,184)	320	(2,684,241)	

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE PERIOD ENDED MARCH 31, 2018 (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
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS																			
Employees' remuneration and welfare benefits (Refer note 10 of Schedule 16)	275,436	49,097	13,988	924,063	547,608	376,455	5,455	895	943	21,540	52,884	11,344	237,747	398,175	1,270	38,116	881,882	50,911	2,863,516
Travel, conveyance and vehicle running expenses	14,403	2,567	730	48,322	28,636	19,666	285	47	49	1,116	2,765	593	12,433	20,822	66	1,993	46,117	2,662	154,970
Training expenses	57,260	10,207	2,902	192,102	113,841	78,261	1,134	186	196	4,436	10,994	2,358	49,425	82,776	264	7,924	183,333	10,584	616,081
Rents, rates and taxes	41,259	7,354	2,091	138,419	82,028	56,391	817	134	141	3,197	7,922	1,699	36,613	59,644	190	5,710	132,101	7,626	443,917
Repairs	15,442	27,753	783	51,806	30,700	21,105	306	50	53	1,196	2,965	636	13,329	22,323	71	2,137	49,441	2,854	166,144
Printing and stationery	11,610	2,070	588	38,951	23,083	15,868	230	38	40	900	2,229	478	10,022	16,784	54	1,607	37,173	2,146	124,920
Communication	6,185	1,104	314	20,784	12,317	8,467	123	20	21	480	1,189	255	5,347	8,956	29	857	19,835	1,145	66,654
Legal and professional charges	298,542	46,264	13,153	870,739	516,008	354,731	5,141	843	889	20,109	49,832	10,680	224,028	375,198	1,196	35,947	830,993	47,973	2,792,507
Auditors' fees, expenses etc																			
(a) as auditors	570	102	29	1,913	1,134	779	11	2	2	44	109	23	492	824	3	79	1,826	105	6,134
(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	245	44	12	823	488	335	5	1	1	19	47	10	212	355	1	34	786	45	2,640
Advertisement and publicity	153,449	27,353	7,776	514,806	305,079	209,727	3,039	499	525	11,889	29,462	6,320	132,452	221,828	707	21,235	491,307	28,363	1,651,010
Interest and bank charges	24,067	4,290	1,220	80,742	47,848	32,893	477	78	82	1,865	4,621	991	20,774	34,791	111	3,330	25,8372	4,448	440,258
Others:																			
Electricity expenses	7,896	1,408	400	26,491	15,699	10,792	156	26	27	612	1,516	325	6,816	11,415	36	1,093	25,282	1,460	84,959
Office expenses	3,613	644	183	12,121	7,183	4,938	72	12	12	290	694	149	3,119	5,223	17	500	11,568	668	38,875
Miscellaneous expenses	7,401	1,319	375	24,880	14,715	10,116	147	24	25	573	1,421	305	6,388	10,699	34	1,024	23,697	1,368	79,631
Service charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical Service Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Information Technology expenses	37,759	6,731	1,914	126,678	75,071	51,608	748	123	129	2,925	7,250	1,555	32,592	54,585	174	5,225	120,896	6,979	406,265
Postage and courier	14,497	2,584	735	48,635	28,821	19,813	287	47	50	1,123	2,783	597	12,513	20,957	67	2,006	46,415	2,680	155,975
Loss on sale of assets (net)	4,049	722	205	13,582	8,049	5,533	80	13	14	314	777	167	3,495	5,853	19	560	12,963	748	43,561
Depreciation	28,504	5,081	1,444	95,628	55,670	38,958	565	93	98	2,208	5,473	1,174	24,604	41,206	131	3,945	91,263	5,269	306,885
Total Operating Expenses	963,197	171,694	48,812	3,231,434	1,914,978	1,316,456	19,078	3,131	3,297	74,626	184,933	39,669	831,402	1,392,414	4,440	133,292	3,265,250	178,034	10,544,703

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

Annexure 2
Ratios for Non-Life Companies

Sr. No.	Performance Ratio	As on 31st March 2019				As on 31st March 2018			
		Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
1	Gross premium growth rate (refer note 1a and 1b)	16.07%	24.59%	18.20%	18.15%	287.15%	264.21%	222.35%	227.76%
	Gross Premium for Current period / Gross Premium for Previous period								
2	Gross Premium to shareholders' fund ratio	NA	NA	NA	4.34	NA	NA	NA	4.14
	Gross Premium for Current period / (Paid up Capital plus Free Reserves)								
3	Growth rate of shareholders' funds	NA	NA	NA	12.56%	NA	NA	NA	18.61%
	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)	13.38%	33.96%	54.31%	50.14%	18.79%	32.39%	49.97%	46.69%
	Net Premium / Gross Premium								
5	Net commission ratio (refer note 1a and 1b)	-51.83%	14.05%	-2.54%	-3.49%	-14.14%	6.51%	-7.74%	-7.77%
	Net Commission / Net Premium								
6	Expenses of Management to gross direct Premium ratio	21.81%	24.26%	20.57%	20.75%	22.76%	22.44%	21.21%	21.37%
	Operating Expenses + Gross Commission/ Gross Premium								
7	Expenses of Management to Net written Premium ratio	147.95%	66.80%	37.76%	40.87%	108.78%	63.65%	42.26%	45.08%
	Operating Expenses + Gross Commission/ Net Premium								
8	Net Incurred Claims to Net Earned Premium	53.33%	93.20%	76.70%	76.36%	65.88%	81.97%	74.52%	74.36%
	Net incurred Claim / Net earned premium								
9	Combined ratio	96.62%	144.89%	98.10%	98.74%	125.98%	131.73%	95.37%	97.11%
	Net incurred Claim, Net Commission plus Operating Expense / Net Premium + Net earned premium								
10	Technical reserves to net Premium ratio	2.82	1.07	1.44	1.46	2.20	1.28	1.48	1.50
	Reserve for Unexpired Risks plus Deficiency Reserve plus Reserve for Outstanding Claims / Net Premium								
11	Underwriting balance ratio	0.00	-0.49	-0.01	-0.02	-0.46	-0.34	0.02	-0.01
	Underwriting Profit / Net Premium								
12	Operating profit ratio	33.63%	-38.21%	13.25%	12.96%	-13.81%	-20.21%	17.36%	15.73%
	Underwriting Profit plus Investment Income / Net Premium								
13	Liquid assets to liabilities ratio	NA	NA	NA	0.20	NA	NA	NA	0.32
	Liquid Assets of the Insurer / Policyholders' Liabilities								
14	Net earnings ratio	NA	NA	NA	8.76%	NA	NA	NA	11.68%
	Profit after Tax / Net Premium								
15	Return on net worth	NA	NA	NA	19.32%	NA	NA	NA	22.92%
	Profit After Tax / Net Worth								
16	Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ASM / RSM	NA	NA	NA	1.75	NA	NA	NA	2.06
	NPA ratio	NA	NA	NA	NA	NA	NA	NA	NA

Schedule - 16 (Continued)
NOTES TO ACCOUNTS

Annexure 2
Ratios for Non-Life Companies (Continued)

Notes:

1a. Miscellaneous Breakup for the year ended March 31, 2019

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	19.62%	51.63%	32.66%	41.96%	60.02%	-57.12%	20.01%	32.11%	17.08%	28.83%	61.82%	-21.03%	45.35%	-4.63%	32.21%	18.20%
2	Net retention ratio Net Premium / Gross Premium	77.0%	76.78%	76.95%	83.86%	49.94%	55.94%	22.97%	0.03%	69.87%	59.90%	39.67%	67.45%	35.66%	18.10%	45.51%	54.31%
3	Net commission ratio Net Commission / Net Premium	17.40%	-3.79%	7.55%	13.41%	13.60%	15.14%	-28.56%	70.3.28%	-6.13%	-19.16%	15.29%	7.24%	8.62%	-25.59%	-15.61%	-2.54%

1b. Miscellaneous Breakup for the year ended March 31, 2018

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	221.52%	213.13%	218.05%	178.64%	151.97%	65.27%	195.73%	316.49%	372.19%	297.65%	434.34%	301.79%	845.73%	169.06%	298.64%	222.35%
2	Net retention ratio Net Premium / Gross Premium	74.73%	74.51%	74.64%	94.24%	57.82%	22.64%	20.54%	27.30%	70.84%	56.81%	41.76%	67.37%	42.11%	17.75%	49.66%	49.97%
3	Net commission ratio Net Commission / Net Premium	13.35%	-5.22%	5.80%	10.17%	13.60%	31.80%	46.21%	7.85%	-2.44%	-24.30%	14.30%	11.32%	16.88%	-52.95%	0.05%	-7.74%

- Gross Premium represents Gross Direct Premium
- Net Premium represents Gross Direct Premium including Premium accepted on Re-Insurance less Re-Insurance ceded
- Underwriting Profit represents Segmental Profit / (Loss) excluding Investment Income
- Liquid Assets represent Cash and Cash Equivalents and Short Term Investments.

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Summary of Financial Statements

Annexure 3

Sr. No.	Particulars	2018-19 (₹ '000)	2017-18 (₹ '000)	2016-17 (₹ '000)	2015-16 (₹ '000)	2014-15 (₹ '000)
	OPERATING RESULTS					
1.	Gross Written Premium	87,218,003	74,011,117	22,524,054	4,825,612	3,443,512
2.	Net Premium Income	43,727,874	34,554,756	9,991,352	3,646,100	2,559,879
3.	Income from Investments (net)	5,613,146	4,814,513	1,732,409	322,435	258,168
4.	Other Income (includes provision written back)	104,959	79,176	21,305	13,788	—
5.	Total Income	49,445,980	39,448,445	11,745,066	3,982,323	2,818,047
6.	Commission (net)	(1,525,955)	(2,684,241)	(1,524,143)	91,727	55,335
7.	Operating Expenses	11,313,294	10,544,703	4,651,511	2,137,126	1,818,055
8.	Premium Deficiency	—	—	—	—	—
9.	Net Incurred Claims	29,091,815	22,266,806	7,697,974	2,226,520	1,476,499
10.	Change in Unexpired Risk Reserve	5,627,767	4,609,759	100,332	667,769	498,521
11.	Operating Profit/(Loss)	4,939,059	4,711,418	819,392	(1,140,819)	(1,030,363)
	NON-OPERATING RESULTS					
12.	Total Income under shareholder's account	(266,762)	421,263	394,632	120,662	88,663
13.	Profit/(Loss) before tax	4,672,297	5,132,681	1,214,024	(1,020,157)	(941,700)
14.	Provision for tax	842,419	1,095,624	(30,070)	—	—
15.	Profit/(Loss) after tax	3,829,877	4,037,057	1,244,094	(1,020,157)	(941,700)
	MISCELLANEOUS					
16.	Policyholders' Account:					
	Total Funds	72,068,296	63,433,015	51,092,887	4,837,373	—
	Total Investments (Refer Notes 2 (p) and 9 of Schedule 16)	72,068,296	63,433,015	51,092,887	4,837,373	—
	Yield on Investments	8.2%	8.2%	6.2%	8.6%	0.0%
17.	Shareholders' Account:					
	Total Funds	19,823,885	17,611,118	14,848,389	1,419,859	1,590,016
	Total Investments (Refer note 2 (p) and 9 of schedule 16)	18,971,760	18,154,614	18,230,354	1,113,719	4,654,525
	Yield on Investments	8.2%	8.2%	6.2%	8.6%	9.8%
18.	Paid up equity capital	6,054,221	6,050,718	6,004,659	7,050,000	6,200,000
19.	Net worth	19,823,885	17,611,118	14,848,389	1,419,859	1,590,016
20.	Total Assets	19,823,885	17,611,118	14,848,389	1,419,859	1,590,016
21.	Yield on Total Investments	8.2%	8.2%	6.2%	8.6%	9.8%
22.	Earnings per Share (Basic) (₹)	6.33	6.70	2.07	(1.59)	(1.72)
23.	Book Value per Share (₹)	32.74	29.11	24.73	2.01	2.56
24.	Total Dividend	1,362,200	1,210,144	—	—	—
25.	Dividend per Share (₹)	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	Beyond 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	1,191 (1,191)	— (—)	— (—)	— (84)	— (15)	84 (231)	15 (138)	1,091 (723)	— (—)	
Cheques issued but not encashed by the policyholder/insured (refer note below)	39,587 (40,063)	— (—)	1,245 (4,081)	2,223 (2,585)	3,102 (3,008)	2,218 (3,940)	2,564 (6,777)	28,036 (19,558)	200 (114)	
- Premium	69,313 (62,464)	— (—)	9,454 (23,883)	16,877 (13,677)	12,445 (5,168)	7,642 (6,760)	3,895 (1,259)	18,987 (11,667)	13 (50)	
- Claims - MACT	93,020 (74,351)	— (—)	22,969 (19,773)	3,410 (5,183)	14,952 (2,595)	4,702 (5,889)	2,567 (3,201)	43,045 (36,810)	1,375 (900)	
- Claims - Non MACT	TOTAL	203,111 (178,069)	— (—)	33,668 (47,737)	22,509 (21,529)	30,499 (10,786)	14,646 (16,820)	9041 (11,375)	91,160 (68,758)	1,589 (1,064)

Note: The Policy Holder due includes amount of ₹ 317 thousand (Previous year ₹ 5,239 thousand) pertains to cheques reissued but not encashed by the policy holder/insured and excludes interest on Policy Holder Due of ₹ 25,451 thousand (Previous year ₹ 16,497 thousand)

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 Policy Holders 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 Policy Holder dues in the category of 0-6 months during the quarter.

B) Statement showing movement of Unclaimed Amount and Investment Income as per IRDAI Circular no. IRDA/F&I/CIR/CMP/174/11/2010 dated May 28,2015

(₹ '000)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Balance	189,329	218,387
Add : Amount transferred to unclaimed amount	106,329	44,737
Add : Cheques issued out of the unclaimed amount but not encashed by the policyholders (to be included when the cheques are stale)	4,920	37,167
Add: Investment Income on unclaimed Fund	9,391	8,574
Less: Amount unclaimed paid during the year	78,975	119,688
Less: Amount transferred to SCWF (net of claims paid in respect of amounts transferred earlier)	2,783	2,848
Closing Balance of Unclaimed Amount	228,212	189,329

Out of above Unclaimed Amount an amount of ₹ 187,100 thousand (Previous year ₹ 143,412 thousand) is placed in Fixed Deposit lying under Schedule 11 'CASH AND BANK BALANCES'

Management Report

In accordance with Part IV Schedule B of the Insurance Regulatory and Development Authority of India (IRDAI) (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, 2019 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, 2019:

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	1,109,205
		GLAXOSMITHKLINE PHARMACEUTICALS LIMITED	Chairman	8,411
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Chairman	1,108
		THE INDIAN HOTELS COMPANY LIMITED	Director	1,157
		HDFC ASSET MANAGEMENT COMPANY LIMITED	Chairman	69,394
		BREACH CANDY HOSPITAL TRUST	Director	27,755
2	Mr. KEKI M. MISTRY	HDFC LIMITED	Vice Chairman and CEO	1,109,205
		HDFC BANK LIMITED	Director	2,879,444
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	1,108
		HDFC ASSET MANAGEMENT COMPANY LIMITED	Director	69,394
		TATA CONSULTANCY SERVICES LIMITED	Director	111,187
		TORRENT POWER LIMITED	Director	1,619

Management Report (Continued)

3	Mrs. RENU SUD KARNAD	HDFC LIMITED	Managing Director	1,109,205
		HDFC ASSET MANAGEMENT COMPANY LIMITED	Director	69,394
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	1,108
		ABB INDIA LIMITED	Director	2,595
4	Mr. ANUJ TYAGI	CSC E-GOVERNANCE SERVICES INDIA LIMITED	Director	68,314
5	Mr. BERNHARD STEINRUECKE	INDO - GERMAN CHAMBER OF COMMERCE	Director General	2,509
		ZODIAC CLOTHING LIMITED	Director	624
6	Mr. AMEET P. HARIANI	JUHU BEACH RESORTS LIMITED	Independent Non Executive Director	1,215
7	Mr. ALEXANDER ANKEL	ERGO INTERNATIONAL AG	Non Executive Director	786,655

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 and other rated debt instruments. Investments are managed in consonance with the investment policy laid down by the board from time to time and are within the investment regulation and guidelines of IRDAI. The Company has carried out periodic review of the investment portfolio. There are no non-performing assets as at the end of the financial year.

13. The Management of HDFC ERGO General Insurance Company Limited certifies that:

The financial statements have been prepared in accordance with the applicable provisions of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, circulars/notifications issued by IRDAI from time to time (including Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated April 04, 2016 and IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017), the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, read together with Rule 7 of Companies (Accounts) Rule 2014 dated March 31, 2014 and Companies (Accounting Standards) amendment Rules 2016 dated March 30, 2016 to the extent applicable and the relevant provisions of the Companies Act, 2013, and disclosures have been made, wherever the same is required. There is no material departure from the said standards, principles and policies.

Management Report (Continued)

- i. The Company has adopted accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the operating profit for the year ended on that date.
- ii. The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938, (4 of 1938) as amended by Insurance Laws (Amendment) Act, 2015 / Companies Act, 1956, (1 of 1956)/ the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iii. The financial statements of the Company have been prepared on a going concern basis.
- iv. The Company's internal audit is conducted by an inhouse audit team and an appointed audit firm. The scope of work of internal audit is commensurate with the size and nature of the Company's business. The management has ensured that an internal audit system commensurate with the size and nature of business exists and is operating effectively.

Signature to the Management Report
For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Director
(DIN: 00008886)

Renu Sud Karnad
Director
(DIN: 00008064)

Alexander Ankel
Director
(DIN: 07798908)

Theodoros Kokkalas
Director
(DIN: 08093899)

Bernhard Steinruecke
Independent Director
(DIN: 01122939)

Mehernosh B. Kapadia
Independent Director
(DIN: 00046612)

Arvind Mahajan
Independent Director
(DIN: 07553144)

Ameet P. Hariani
Independent Director
(DIN: 00087866)

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

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

Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)

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

Mumbai,
Dated: May 03, 2019

Annexure to Management Report (Continued)

Annexure 1

Details of ageing analysis of Gross Claims outstanding Outstanding as on 31.03.2019. (F. Y. 2018-19)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmens Compensation		Public liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000	
0-30 days	74	170,527	517	17,521	3	885	10,775	576,290	961	453,667	161	35,973	—	—	—	—	2	12,283
31days 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	197,149	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	157,408	—	14,279	1	5,527	2	1,698	3,858	2,025,014	2	455	—	400	1	64,221	2	19,146
Total	316	7,463,466	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
	₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000	
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	2,002,120
31days to 6 months	96	242,855	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	217,518	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		Workmens Compensation		Public liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000	
0-30 days	109	288,722	669	86,676	2	2,506	7,990	445,409	1,063	407,981	51	7,078	—	—	—	—	14	12,495
31days to 6 months	279	1,058,433	483	206,980	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	3,507	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
	₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000		₹ '000	
0-30 days	621	56,511	3	1,503	1,235	219,628	3,651	253,983	5	831	5	3,500	697	204,084	134	51,000	16,249	2,041,808
31days 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	314,710	250	795,330	5	112,768	15,759	12,251,000
5 years and above	—	68,097	2	340,378	—	—	—	—	—	—	50	367,575	—	—	—	265	2,931	2,264,574
Total	1,165	670,621	50	748,468	1,835	507,694	4,978	556,447	18	8,891	186	704,018	1,751	1,006,489	321	369,195	52,186	26,855,734

Annexure to Management Report (Continued)

(₹ '000)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmens Compensation		Public liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	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	1,18,005	3	1,140	708	1,30,171	4,064	1,673,155	108	18,624	1	600	—	—	15	74,277
1 year to 5 years	50	1,751,185	33	233,847	3	13,930	464	132,365	14,281	6,319,350	285	42,421	11	4,077	3	1,200	85	56,325
5 years and above	1	69,201	2	5,450	—	9,151	2	1,698	2,152	725,111	5	755	—	—	2	65,521	3	21,209
Total	551	6,877,736	1,157	674,898	14	100,887	12,325	1,095,119	26,711	10,233,617	553	85,039	15	6,277	6	67,921	132	164,649

(₹ '000)

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	—	289,097	—	—	—	—	—	—	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

(₹ '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	38	93,798	25	5,873	—	—	1,243	82,823	147	62,421	14	1,134	—	—	—	—	2	305
31 days to 6 months	98	246,817	47	17,858	—	—	949	134,236	473	191,914	26	5,768	—	—	—	—	—	—
6 months to 1 year	44	124,562	18	21,948	—	—	126	21,010	459	170,952	1	709	—	—	—	—	—	—
1 year to 5 years	5	167,264	16	24,960	—	—	45	17,135	1,160	468,837	1	251	—	—	—	—	—	1,990
5 years and above	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	185	632,441	106	70,639	—	—	2,363	255,203	2,239	894,124	42	7,862	—	—	—	—	2	2,294

(₹ '000)

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	15	3,913	—	—	13	1,476	370	22,723	3	209	—	—	—	—	15	9,721	1,885	284,396
31 days to 6 months	39	110,838	—	—	23	6,100	112	9,011	3	30	—	—	—	13	45,454	1,783	766,027	
6 months to 1 year	23	16,027	—	—	2	1,200	11	1,347	—	—	—	—	—	3	4,465	687	362,219	
1 year to 5 years	14	126,177	—	—	—	—	1	14	—	—	—	—	—	2	10,465	1,244	817,091	
5 years and above	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	91	256,955	—	—	38	8,776	494	33,096	6	239	—	—	—	33	70,104	5,599	2,231,733	

Annexure to Management Report (Continued)

(₹ '000)

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	24	7,827	43	62,295	-	-	662	69,529	41	11,340	12	1,963	-	-	-	-	3	194
31 days to 6 months	77	205,494	59	24,207	-	-	344	57,099	247	61,814	28	6,444	-	-	-	-	1	59
6 months to 1 year	40	279,234	41	10,020	-	-	96	21,275	311	73,654	19	6,682	-	-	-	-	2	373
1 year to 5 years	8	124,298	7	17,126	-	-	36	17,126	898	213,177	6	3,883	-	-	-	-	-	1,982
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	149	616,852	150	113,648	-	-	1,138	165,029	1,497	359,986	65	18,982	-	-	-	-	6	2,608

(₹ '000)

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather/Crop		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	20	19,875	-	-	9	6,207	435	32,161	2	40	-	-	-	-	8	531	1,259	211,963
31 days to 6 months	64	91,290	-	-	19	8,629	93	5,116	2	241	-	-	-	-	27	6,511	961	466,903
6 months to 1 year	45	99,983	-	-	1	1,500	-	-	1	-	-	-	-	-	8	2,921	564	495,651
1 year to 5 years	20	78,156	-	-	-	-	-	-	2	126	-	-	-	-	4	10,994	981	466,879
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	149	289,314	-	-	29	16,336	528	37,277	7	407	-	-	-	-	47	20,957	3,765	1,641,396

Annexure - 2

Annexure to Management Report (Continued)

Details of Average Claims Settlement Time

Line of Business	FY 2018-19		FY 2017-18		FY 2016-17		FY 2015-16		FY 2014-15	
	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	1,925	87	1,645	114	920	245	693	111	318	169
Marine Cargo	15,068	18	12,882	44	3,742	139	492	123	400	158
Marine Hull	6	448	12	245	3	128	-	-	-	-
Motor OD	412,047	15	274,597	21	98,738	50	35,030	31	20,111	36
Motor TP	6,885	611	8,020	557	3,196	1,014	494	551	276	478
Workmens Compensation	330	183	123	212	133	337	188	160	120	212
Public liability	-	-	-	-	-	-	-	-	-	-
Product Liability	-	-	-	-	-	-	-	-	-	-
Other Liabilities	19	171	15	281	4	408	10	138	5	269
Engineering	27,669	7	14,409	30	2,013	304	263	223	265	223
Aviation	3	353	1	168	1	184	-	-	-	-
Personal Accident	10,460	21	8,406	24	2,160	44	263	18	195	19
Health	152,051	12	93,388	21	24,480	39	7,607	19	6,815	22
Home	33	44	30	111	43	217	32	57	93	54
Specialty	10	518	7	284	2	580	-	-	-	-
Weather/Crop	1,228,191	3	61,108	3	3,170	11	-	-	-	-
Others	12,112	9	7,335	10	1,383	112	202	94	228	176
Total	1,866,809		484,978		1,39,988		45,254		28,826	

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	Request to an Insurance Company for payment in respect of loss or damage covered by an insurance policy.
8	Co-insurance	Sharing of the same risk by multiple insurance companies.
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.
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.

Sr. No.	Terms	Description
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	A means by which a reinsurer agrees to indemnify an insurer, (the cedant) against all or part of the loss that the latter may sustain under the original policy or policies it has issued.
33	Retention	The amount of risk retained by the insurer on its own account.
34	Solvency Margin	A ratio of Available Solvency Margin (ASM)/ Required Solvency Margin (RSM) (calculated as per 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	Under a Reinsurance Treaty, the cedant agrees to offer and the reinsurer agrees to accept all risks of a defined class. This enables the cedant to grant immediate cover for risks without first seeking the reinsurer's consent.
37	Underwriting	The process of 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
-  Health Insurance
-  Travel Insurance
-  Home Insurance
-  Personal Accident

Rural Products

-  Gramin Suraksha Bima
-  Parivar Suraksha Bima
-  Cattle Insurance
-  Weather Insurance
-  Crop Insurance

Commercial Products

Liability Insurance




Casualty Lines

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





Financial Lines

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




Engineering Insurance

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





Property Insurance

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

Marine Cargo Products

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

Accident and Health Insurance

-  Group Travel
-  Group Mediclaim
-  Group Personal Accident
-  Group Critical Illness Insurance

Customer Testimonials

Sumit Naresh Jain

Motor Insurance Customer
Policy No.2311100599910300

I am happy & highly satisfied with HDFC ERGO, my confidence with HDFC ERGO has increased. I am expecting a similar experience in the future too. Will surely recommend and promote HDFC ERGO to all. Thank you

Jayesh Kumar Jasani

Sarv Suraksha Insurance Customer
Policy No.2950202765419900

Apart from the good service I received, the funds got credited within few hours. The representative especially called to inform that there was a spelling mistake in the email and nominee name. Also corrected it without any hassles.

Dharmeshkumar Bhikhabhai Leuva

Health Insurance Customer
Policy No.2825202776720600

As compared to other companies HDFC ERGO's service is fast and excellent. The companies staff is very friendly and helpful, especially the marketing staff.

Macnet Tuscano

Travel Insurance Customer
Policy No.2919100605313400

Tele executive was amazingly supportive and resolved the issue in record time.

Nitin Shankarrao Raut

Motor Insurance Customer
Policy No.2312100606200800

Good support and the website portal is very easy to purchase policies

Tanmay Pramanik

HSP Insurance Customer
Policy No.2918202289485800

The process is very prompt and hassle-free with quick resolution.

Customer Testimonials

Shantanu Mazumdar

Motor Insurance Customer
Policy No.2311201867160301

I am extremely happy with the way HDFC ERGO responded to my claim. The claim was professionally handled without any hassle. Please continue the good work.

Swaminathan K

Motor Insurance Customer
Policy No.2311202198692900

The systems are very clear and customer-centric. Surveyor was very helpful and supportive throughout the process.

Yogesh Kumar

Health Insurance Customer
Policy No.2825100209906400

First of all, thanks a lot for your valuable support, I am very happy with the overall claim experience (cashless & reimbursement). I would not prefer to go anywhere else and will surely suggest everyone to purchase a policy from HDFC ERGO.

Ganesh Khanderao Kate

Motor Insurance Customer
Policy No.2319100602019800

The best team preferred for quick action and good work.

Sunil Kumar Lall

Health Insurance Customer
Policy No.2825201277141103

HDFC ERGO has responded excellently, I am thankful and happy that I had your Health policy which supported me during my tough times. Thanks, and appreciate the speedy claim settlement process. Best Regards to HDFC ERGO team.

Mohammed Waseem Ahmed

Health Insurance Customer
Policy No.2857100347417600

Superb service, very glad that claim was settled within 48 hours. Thank you so much.

Awards and Recognitions





**HDFC
ERGO**

HDFC ERGO General Insurance Company Limited

(Formerly HDFC General Insurance Limited)

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

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

Tel.: +91 22 - 6638 3600 | Customer Service No.: +91 22 6234 6234 / 0120 6234 6234 |
care@hdfcergo.com | www.hdfcergo.com.

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