

ANNUAL REPORT  
**2019-2020**

**HDFC  
ERGO**



**BIGGER  
BETTER**

**STRONGER**

**TWOGETHER**

EMPOWERING OUR CUSTOMERS BY ENABLING  
HI-TECH SOLUTIONS FOR A SECURED TOMORROW



## Values that empower us for the future

### Sensitivity

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



### Ethics

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



### Excellence

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



### Dynamism

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

# Contents

▼ Company Highlights	04
▼ Message from the Chairman	05
▼ Message from the CEO	06
▼ Board of Directors	08
▼ Brief Profile of the Directors	09
▼ Directors' Report	11
▼ Independent Auditors' Report	51
▼ Balance Sheet	62
▼ Profit & Loss Account	63
▼ Receipts and Payments Account	64
▼ Revenue Account	65
▼ Schedules	66
▼ Management Report	129
▼ Glossary	137
▼ Our Products	139
▼ Customer Testimonials	140
▼ Awards and Recognition	142



# Company Highlights

- ▶ **3<sup>rd</sup> largest** General Insurance Company in private sector.
- ▶ Overall market share of **6.2%** for Fiscal Year 2019-20 considering full year business of **HDFC ERGO Health Insurance** and **HDFC ERGO**.
- ▶ **Comprehensive** product portfolio along with a balanced channel mix.
- ▶ Credit rating of **ICRA/AAA & CRISIL/AAA** with a stable outlook for the Non-Convertible Debentures (Subordinated Debt) programme.
- ▶ Solvency ratio of **178%** vis-a-vis IRDAI required solvency ratio of **150%**.
- ▶ PAN-India presence across **203 branches** and a close knit family of 7,800 professionals.
- ▶ **ISO certified** processes for Claims Services, Operations and Customer Services and Business Continuity Management.
- ▶ Issued more than **10 million policies** and serviced more than **1.5 million claims** in FY20.

# Chairman's Message

“

In FY20, the merger of HDFC ERGO and HDFC ERGO Health created the country's second largest private health insurer.

”



Like the previous year, the year under review has been a mixed bag seeing the economy slow down further in the second half. The Government undertook various measures to boost economic growth in FY20 – such as reduction in corporate income tax rate, reduction in interest rates, merger of public sector banks, re-capitalization of public sector banks, etc. Nevertheless, the growth momentum continued to be slow throughout FY20, primarily on account of lower gross fixed capital formation, weak private consumption and investment. The primary motor vehicle sales saw a de-growth of 18% during the year. The overall sentiments were also weak in the last quarter given the outbreak of COVID-19 which started impacting the global economies and our exports. The economy grew by 4.2% in FY20 as compared to 6.1% in FY19.

In FY21, the economic situation across the world is expected to remain muted on account of lower global demand arising out of the Covid-19 pandemic. The COVID-19 crisis brought the economic activity in the country to a virtual stand-still in the first few months of the new fiscal. To contain the pandemic in India, the Government acted swiftly. The lockdown in Quarter 1 has helped contain the spread of COVID-19, potentially saving millions from getting impacted by the virus and slowing the rate of spread of the pandemic. At the same time, the Government and RBI has taken measures to improve liquidity and shield the domestic economy from the potential effects of the pandemic. Nevertheless, Indian economy is expected to de-grow in FY21 even if we are able to stage a sharp recovery starting Q3. Uncertainty around Covid-19, lower domestic demand and higher volatility in global financial markets continue to be downside risks to domestic economic activity.

The General Insurance Sector grew by 11.7% in FY20 (~13% in FY19), taking the industry premium to ~₹189,000 crore. During the year, the Motor segment witnessed a muted growth due to the sharp de-growth in primary vehicle sales, while the Accident and Health segment grew by 11.5%.

With the objective of growing its presence in the health insurance sector, HDFC acquired 51.2% of Apollo Munich Health Insurance Company Ltd. [renamed as HDFC ERGO Health Insurance Limited ('HDFC ERGO Health')] in January 2020. Subsequently, after receiving approvals from the National Company Law Tribunal (NCLT) and the Insurance Regulatory and Development Authority of India (IRDAI), HDFC ERGO Health was merged with HDFC ERGO with Appointed Date as March 1, 2020. The merged entity, HDFC ERGO, shall leverage the best practices of both the companies. It shall be among the leading private insurers in India with a 6.2% market share in FY20 considering full year business of both companies, and shall have a strong presence in the health insurance sector.

In line with the HDFC Group's core values of trust, integrity and transparency, the Company takes pride in servicing its 14 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 artificial intelligence and robotics in various aspects of its processes. The Company has ensured that all its customers continue to be serviced seamlessly during the lockdown period though all employees were working from home.

In FY20, the IRDAI announced various regulatory changes to simplify and improve the access of health insurance to potential customers including instalment facilities for premium, standardization of exclusions and introduction of Arogya Sanjeevani Policy, an indemnity health insurance product with uniform coverages and standardized terms & conditions across the industry.

The General Insurance Sector continues to witness entry of new promoters. The various regulatory amendments aimed at development of the industry, increasing competitive intensity and widespread adoption of digital initiatives are expected to result in a more comprehensive set of insurance solutions and deeper insurance reach. These factors should help significantly improve the level of insurance penetration.

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

**Deepak S. Parekh**  
Chairman

## MD & CEO's Message

“Including HDFC ERGO Health, HDFC ERGO's market share increased from 5.1% in FY19 to 6.2% in FY20.”



While the stable political situation continued in FY20, the growth momentum of the domestic economy slowed down further in FY20, with the real GDP growth at 4.2% in FY20 compared to the 6.1% growth in FY19. The Covid-19 pandemic and the resultant lockdown is likely to result in a de-growth in FY21.

The growth of the non-life industry is directly linked to the economic growth, and this was reflected in the industry performance for FY20. The general insurance industry wrote gross direct premium of ~₹189,000 crore, registering a growth of 11.7% (FY19: 12.9%). The de-growth in auto sales, which had started in the second half of FY19, continued throughout FY20, registering a de-growth of 18.0%. As a result, despite an improvement in penetration and FY20 being the first full financial year under the long term motor policies regime, the motor segment registered a growth of only 7.3%. Owing to revision in premiums for certain categories of risks, the Corporate segment led the industry growth with a 17.6% growth, and the Accident & Health segment grew by 11.5%. Thus, the non-crop segments registered a growth of 10.7%. The crop insurance segment grew by 16.9%.

Private sector insurers (including standalone health insurers) grew by 13.9%, capturing further market share from the public sector insurers (including specialized insurers), who registered an 8.9% growth. In FY21, we expect a general slowdown in the first half of the financial year linked to the slowdown of the domestic economy, and the recovery in the second half would be witnessed across the Motor, Accident & Health and Corporate segments.

Further to HDFC's acquisition of majority stake in Apollo Munich Health Insurance Company Ltd., it was renamed to HDFC ERGO Health Insurance Limited ('HDFC ERGO Health'). HDFC ERGO Health (previously Apollo Munich) is one of the leading private sector health insurers in India, with a domain expertise in health insurance and wide network of 98,000+ agents across the country. Thereafter, HDFC ERGO Health was merged into HDFC ERGO after receiving the necessary regulatory approvals.

I am confident that the customers of both companies shall benefit from this merger. They would be able to access the combined product bouquet of both companies and the 'best of both' in terms of service delivery and digitization. HDFC ERGO customers will have access to the health insurance offerings of HDFC ERGO Health, and HDFC ERGO Health customers will have access to the wider general insurance solutions of HDFC ERGO. Further, our customers and partners will benefit from our deeper geographical reach – our presence has expanded from 129 physical offices to 203 physical offices post-merger.

While the industry witnessed pricing pressure amidst increasing competitive intensity, we continued to pursue our calibrated risk selection strategy, and we achieved a 14.7% growth in the non-crop segments in FY20, in line with the industry. In line with our portfolio strategy, our crop portfolio remained flat at ₹2,163 crore. Thus, our Gross Written Premium grew by 11.9% during the year, from ₹8,722 crore to ₹9,760 crore.

Like the recent years, FY20 also witnessed multiple catastrophic events (to name a few, floods in Kerala, Karnataka and Cyclone Fani of Odisha). Our portfolio steering measures and focus on operational efficiencies could partly offset the negative impact of catastrophic events. Therefore, our combined profit before the impact of certain changes in accounting policy and estimates increased to 101.4% as compared to 98.7% for FY19. Our profit before tax excluding this impact increased from ₹467 crore to ₹689 crore.

The accounting practices of HDFC ERGO Health were aligned with HDFC ERGO on merger, which had an adverse impact of ₹230 crore on the profit before tax of the Company. The major change was the change in method for making reserves for Unexpired Risk – HDFC ERGO Health was following the 50% of Net Written Premium method as against the 1/365 method followed by HDFC ERGO. On merger, the change in reserving method, to align with that of HDFC ERGO, had an adverse impact of ₹228 crore on the profit before tax of the Company. Considering all these impacts, the Company achieved profit after tax of ₹327 crore as compared to ₹383 crore last year and a combined ratio of 105.3%.

During the year, your Company sold over 10 million policies. The claims settlement processes were further streamlined with rule-based and automated approval systems to provide best-in-class experience to the customers in terms of claims settlement ratio and turnaround times.

Your Company has been launching various customer-centric initiatives over the past few years, be it in terms of increased digitisation, adoption of innovative technologies or process improvements. These came to the fore during the Covid-19 outbreak. Like the rest of the country, we were working from home and had to ensure that the customer service continues without disruption. The 'Digital First' approach we adopted few years ago enabled our customers to reach out to us through easily accessible digital platforms, including our Website, Self Help Portal, DIA (chatbot), WhatsApp Business Chat, mobile app – all of which allowed customers to connect with us and helped in fulfilling their service requests. Apart from informing our customers about various service requests which could be fulfilled digitally, we also launched specific initiatives during the lockdown such as spreading awareness about Covid-19 via e-mailers, allowing motor renewals through customer self-inspection, prioritising pre-authorisation and discharge requests in health claims, etc. As a result, we were able to deliver consistently high quality service even during the lockdown phase without compromising on the safety of our employees and channel partners. We ensured increased adoption of our digital tools by agents for sales and service so that they can stay indoors and yet procure business or service customers.

I am pleased to further inform that the financial statements of your Company for the year ended on March 31, 2019 have been awarded Silver shield for Excellence in Financial Reporting by the Institute of Chartered Accountants of India for the accounting policies applied and practices adopted for disclosures and presentation for preparation of financial statements. This is the 6th time in last 8 years that your Company has received this award from the Institute of Chartered Accountants of India.

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)

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

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

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

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

Mr. Bernhard Steinruecke  
(DIN: 01122939)

Mr. Mehernosh B. Kapadia  
(DIN: 00046612)

Mr. Arvind Mahajan  
(DIN: 07553144)

Mr. Ameet P. Hariani  
(DIN: 00087866)

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

Mr. Anuj Tyagi  
(Executive Director & CBO)  
(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  
Mr. Ravi Vishwanath

## 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.

A subsidiary of Housing Development Finance Corporation Limited.

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

Website: [www.hdfcergo.com](http://www.hdfcergo.com) | E-mail: [care@hdfcergo.com](mailto:care@hdfcergo.com) | Tel. No. : +91 22 6638 3600

CIN: U66030MH2007PLC177117. IRDAI Reg. No. 146.

**Customer Experience Management, Customer Happiness Center:** D-301, 3<sup>rd</sup> Floor, Eastern Business District (Magnet Mall), LBS Marg, Bhandup (West), Mumbai 400 078. Customer Service No.: 022 - 6234 6234 / 0120 - 6234 6234 | [care@hdfcergo.com](mailto:care@hdfcergo.com) | [www.hdfcergo.com](http://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 and 'Lifetime Achievement Award' at CNBC TV18's 15<sup>th</sup> India Business Leader Awards, 2020.



**Mr. Keki M. Mistry** (DIN: 00008886) is a Non-Executive Director of the Company. Mr. Mistry is the Vice Chairman & Chief Executive Officer of Housing Development Finance Corporation Limited (HDFC). He is a fellow of The Institute of Chartered Accountants of India. He 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 with effect from 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 Public and 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 is currently the President of the International Union for Housing Finance (IUHF), an association of global housing finance firms.



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



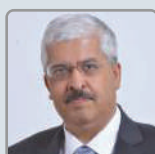
**Dr. Clemens Matthias Muth** (DIN: 07824451) is a Non-Executive Director of the Company. He has studied Economics at the Universities of Mainz and Munich. He has done Doctorate in Economics from Munich University. He is currently the Chairman of the Board of Management of DKV Deutsche Krankenversicherung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



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



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



**Mr. Arvind Mahajan** (DIN: 07553144) is an Independent Director of the Company. He is a graduate (B.Com. Hons) from Shriram College of Commerce, Delhi University and has a Post Graduate Diploma in Management from IIM, Ahmedabad.

Mr. Mahajan has more than 35 years' experience in management consulting and industry. His management consulting experience includes more than 22 years as partner with AF Ferguson & Co, Price Waterhouse Coopers, IBM Global Business Services and most recently with KPMG. His industry experience was with Procter and Gamble in financial management and management reporting.

In his career at KPMG India, he has lead business consulting services and later the Energy, Infrastructure, Government and Healthcare practices of the firm. He also had the privilege of being member of KPMG's Global Business Consulting and Global Infrastructure Sector Leadership teams. His specialization is in advising CEOs & Boards in area of business strategy and helping "make strategy happen" through growth and transformation initiatives. He also has strong background in corporate finance, enterprise risk management and people and change. He has advised clients in a diversified portfolio sectors including consumer, financial services, technology, media, telecom, energy, infrastructure & government.

Mr. Mahajan has strong understanding of technology including disruptive trends. While at IBM, he has lead technology strategy and the communication sector vertical. He has also been member of KPMG's Global Think Tank, which was involved in identifying disruptive trends and developing the long term strategy for the firm. Mr. Mahajan was appointed as an Independent Director of the Company for a period of 5 years w.e.f November 14, 2016.



**Mr. Ameet P. Hariani** (DIN:00087866), has over 32 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 29 years of work experience, of which over 13 years in the General Insurance sector. Mr. Shah is the Executive Director of the Company appointed for a period of 5 years with effect from June 1, 2018 and is currently responsible for Finance, Accounts, Tax, Secretarial, Legal & Compliance, Risk Management, Internal Audit, Fraud Control & Investigation, Administration and CSR functions of the Company.



**Mr. Anuj Tyagi** (DIN: 07505313) is a Chemistry (H) graduate and has a Post Graduate Diploma in Business Management. He has been the Executive Director & CBO of the Company from May 1, 2016. Mr. Tyagi has about 20 years of work experience in Insurance and Banking. He joined the Company in 2008 as Head - Corporate Business Group. Mr. Tyagi was appointed as the Managing Director & CEO of HDFC ERGO Health Insurance Limited with effect from January 9, 2020 while continuing as a Non-Executive Director of the Company. Pursuant to merger, Mr. Tyagi has been appointed as Executive Director & CBO of the Company for a period of 5 years w.e.f November 13, 2020.



**Mr. Ritesh Kumar** (DIN: 02213019) is the Managing Director and CEO of the Company since 2008. Mr. Kumar has about 28 years of experience in the Financial Services Industry, of which the first 10 years were in Banking and the last 18 years in Insurance. Mr. Kumar is a commerce graduate from Shriram College of Commerce, Delhi and holds a MBA degree from Faculty of Management Studies (FMS), Delhi.

## Directors' Report

### TO THE MEMBERS

Your Directors are pleased to present the Thirteenth Annual Report of your Company together with the audited financial statements for the financial year ended on March 31, 2020.

### Merger of HDFC ERGO Health Insurance Limited (Transferor Company) with the Company

During the year, pursuant to receipt of approvals from the Competition Commission of India (CCI), Reserve Bank of India (RBI) and the Insurance Regulatory and Development Authority of India (IRDAI), Housing Development Finance Corporation Limited (HDFC Limited), the holding company of the Company, acquired 51.16% of the paid up share capital of Apollo Munich Health Insurance Company Limited (AMHI) (Transferor Company) from its Indian Promoters, Apollo Hospital Group and few other shareholders.

The acquisition was completed on January 9, 2020 and AMHI became a subsidiary of HDFC Limited. The name of AMHI was changed to HDFC ERGO Health Insurance Limited (HEHI).

The Board at its meeting held on January 15, 2020 approved the Scheme of Amalgamation (the Scheme) for merger of HEHI with the Company with Appointed Date as March 1, 2020. On February 17, 2020, Company Scheme Application (CSA) was filed with the National Company Law Tribunal, Mumbai Bench (NCLT) under the provisions of Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

The CSA was heard by the NCLT on April 30, 2020. While admitting the application, the NCLT had dispensed with the issuance of notice or convening of meeting of equity shareholders or unsecured creditors (including debentureholders). NCLT has directed issuance of notices to the Statutory Authorities and accordingly the notices have been sent to the Statutory Authorities. Thereafter the Company Scheme Petition (CSP) was filed with the NCLT on June 18, 2020. NCLT at its hearing held on September 7, 2020, admitted the CSP and fixed September 29, 2020 as the final date for hearing.

At the said final hearing held on September 29, 2020, NCLT sanctioned the Scheme under Sections 230 to 232 of the Act providing for merger of HEHI with the Company. The certified copy of the Order was received on November 13, 2020.

In terms of the provisions of Regulation 8 of IRDAI (Scheme of Amalgamation and Transfer of General Insurance Business) Regulations, 2011, on October 8, 2020, application was submitted to IRDAI seeking its final approval for the merger

IRDAI vide its letter dated November 11, 2020 gave its final approval for the merger of HEHI with the Company. The Effective Date of merger is November 13, 2020.

Pursuant to the said approvals, the entire undertaking of HEHI including but not limited to all assets, properties, liabilities, contracts, employees, legal and other proceedings have been transferred to and vested in the Company on a going concern basis, with effect from the Appointed Date.

As provided under the Scheme, on November 13, 2020, the Board of Directors allotted Shares of the Company to the Shareholders of HEHI, in the ratio of 100:385 i.e. one hundred fully paid up equity shares of face value ₹ 10 each of the Company for every three hundred and eighty five fully paid up equity shares of face value ₹ 10 each held in HEHI.

Mr. Anuj Tyagi, Executive Director & Chief Business Officer of your Company was appointed as the Managing Director and CEO of HEHI w.e.f. January 9, 2020 while continuing as a Non-Executive Director of the Company. Pursuant to the merger, the Board of Directors at its meeting held on November 13, 2020, approved the appointment of Mr. Anuj Tyagi, as a Whole-time Director (designated as Executive Director & Chief Business Officer) for a period of 5 (five) years, with effect from November 13, 2020, subject to the approval of IRDAI under Section 34A of the Insurance Act, 1938.

All the information, financial or otherwise stated in this report is for the period of 12 months of the Company and 1 month of HEHI as the Appointed Date for merger was March 1, 2020.

### Financial Results

Particulars	(₹ in crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Gross Written Premium	9,760.1	8,721.8
Net Written Premium	4,866.9	4,372.8
Net Earned Premium	4,450.4	3,810.0
Other Income/Liabilities written back	4.8	6.0
Net Incurred Claims	3,524.1	2,909.2
Net Commission (Income) / Expenses	(211.9)	(152.6)
Expenses of Management	1,543.6	1,171.5
Investment Income – Policyholders	734.9	565.8
General Insurance Result	334.3	453.7
Investment Income – Shareholders	146.4	171.3

(₹ in crore)		
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Profit before Tax - Before providing for diminution in value of investments &amp; write-off of Bad and Doubtful Investments</b>	<b>480.7</b>	625.0
Provision towards diminution in value of investments & Bad and Doubtful Investments	<b>21.7</b>	157.8
<b>Profit before Tax - after providing for diminution in value of investments &amp; write-off of Bad and Doubtful Investments</b>	<b>459.0</b>	467.2
Provision for Tax	<b>103.6</b>	84.2
MAT Credit Written Off	<b>28.4</b>	—
<b>Profit after Tax</b>	<b>326.9</b>	383.0
Interim Dividend (incl. Dividend Distribution Tax)	—	164.2
Transfer to Debenture Redemption Reserve	<b>2.4</b>	9.7
Profit carried to Balance Sheet	<b>324.5</b>	209.0
Credit balance in P & L account at the year end	<b>832.0</b>	507.5

### Performance

The Gross Written Premium (GWP) of the Company increased to ₹ 9,760.1 crore (PY: ₹ 8,721.8 crore). The net earned premium increased to ₹ 4,450.4 crore (PY: ₹ 3,810.0 crore). The Company achieved a Profit before Tax of ₹ 459.0 crore (PY: ₹ 467.2 crore) after providing for diminution in the value of investments and write-off of Bad and Doubtful Investments amounting to ₹ 21.7 crore (PY: ₹ 157.8 crore). The Profit after Tax for the year is ₹ 326.9 crore (PY: ₹ 383.0 crore).

### Dividend

Considering the prevailing COVID19 situation and advisory received from IRDAI, the Board of Directors did not recommend any dividend for FY 2019-20 (PY: Interim Dividend of ₹ 2.25 per equity share of ₹ 10 each).

### Increase in Paid up Share capital

During the year, the Company allotted 420,000 equity shares of ₹ 10 each pursuant to exercise of stock options under Employees Stock Option Plan-2009 (ESOP-2009). In terms of the Scheme, 105,377,232 shares were allotted to the Shareholders of HEHI.

The Paid up equity share capital of the Company has increased from ₹ 605.4 crore as on March 31, 2019 to ₹ 605.8 crore as on March 31, 2020 and the Share Premium Account increased from ₹ 840.3 crore as on March 31, 2019 to ₹ 1,395.8 crore as on March 31, 2020.

### Non-Convertible Debentures

As at March 31, 2020, 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.

HEHI had outstanding NCDs of ₹ 154 crores consisting of 800 Unsecured, Subordinated, Fully Paid-up, Listed, Redeemable NCDs of the face value of ₹ 1,000,000 each, with a coupon of 8.40% per annum allotted on September 18, 2017 and redeemable on September 17, 2027 and 740 Unsecured, Subordinated, Fully Paid-up, Listed, Redeemable NCDs of face value of ₹ 1,000,000 each, with a coupon of 10.25% per annum allotted on September 18, 2018 and redeemable on September 17, 2028. These NCDs are also redeemable at the end of 10 years from the date of respective allotment with a call option to the Company at the end of 5 years from the date of allotment. These NCDs were rated by CARE and Acuité Ratings and were assigned the rating of AA (Credit watch with developing implications) and AAA Stable respectively. The NCDs are listed on the Whole Sale Debt Market Segment of BSE Limited.

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 ₹ 6.5 crore to the Debenture Redemption Reserve (DRR) till the quarter ended June 30, 2019 include ₹ 4.1 crore of HEHI for upto year ended March 31, 2019.

In terms of the Companies (Share Capital and Debenture) Amendment Rules, 2019 issued by the Ministry of Corporate Affairs (MCA) vide its notification dated August 16, 2019, DRR is not required to be created by listed companies in case of privately placed debentures. In view



of the same, the Company has stopped creating DRR w.e.f. quarter ended September 30, 2019.

As at March 31, 2020, the balance in DRR stands at ₹ 35.6 crore.

#### **Extract of Annual Return**

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

#### **Number of meetings of the Board**

During the year, the Board met six (6) times on May 3, 2019, June 19, 2019, July 24, 2019, October 23, 2019, January 15, 2020 and January 22, 2020.

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 (KMP's), 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](http://www.hdfcergo.com)).

#### **Comments on Auditor's Report**

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

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

#### **Particulars of Loans, Guarantees or Investments under Section 186**

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

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

#### **Related Party Transactions**

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

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

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

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

There were no materially significant transactions with the KMP's 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 other than as mentioned under "Merger of HDFC ERGO Health Insurance Limited with the Company", affecting the

financial position of the Company between March 31, 2020 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 ₹ 172.2 crore in foreign exchange (PY: ₹ 351.7 crore) mainly on account of reinsurance premium and claims payment. Premium received and claims on reinsurance ceded in foreign exchange during the year was ₹ 172.8 crore (PY: ₹ 275.2 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 Risk Management Framework 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 inter alia presents the Key and Top risks to the RMC at its quarterly meeting. 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 catastrophies;
- 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 aforementioned risks are reviewed and monitored on a regular basis by the Management and the Investment Committee.

Credit risk also arises on the reinsurance protection taken by the Company. The Company ensures that it enters 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.

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

### Information & Cyber Security

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

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

- Board approved Information and Cyber Security Policy;
- Board approved Information and Cyber Security Crisis Management Plan;
- ISO 27001 Certified Information Security Management System;

- Awareness program for employees such as awareness mailers, simulation and tabletop exercises, classroom trainings, etc; and
- Vulnerability Assessment and Penetration Testing exercise on a periodic basis.

The Company has had an independent assessment done for Capability Maturity Model Integration (CMMI) of its Information & Cyber Security processes to benchmark its practices against the globally recognized CMMI standard.

As per the results of the independent assessment exercise the Company's overall Cyber & Information Security has been assessed as "Processes are strong, continuously monitored and measured".

### Corporate Social Responsibility (CSR)

The Company's CSR Policy is hosted on its website - [www.hdfcergo.com](http://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 ₹ 7.25 crore, the Company spent ₹ 7.27 crore on CSR activities and the same was fully disbursed during the year.

During the year, the re-construction of 3 Government schools viz. Tandia, Varanasi, UP; Pandhiapather, Ganjam, Odisha; Agraharam, Anantpur, AP and Community Hall of Government school at Sarsai, Kullu, Himachal Pradesh was fully completed.

Under Gaon Mera FY20, during the year, 3 Government schools viz. Domabaramattur, Haveri, Karnataka; Jamkhar, Jabalpur, MP and Mithivavdi, Patan, Gujarat were taken for re-construction and are at various stages of construction.

Besides the above, the Company has contributed to furthering the cause of education of Girl Children by sponsoring education for 34 girls. Hygiene amongst girls has been promoted by distributing free sanitary napkins to 10,000 girls.

The cause of health is one of our mainstays and the Company has sponsored over 2,700 eye surgeries for people from economically challenged backgrounds across India. Support has been extended to children suffering from cancer, congenital heart diseases and those needing cochlear transplants. .

Our country is facing one of its biggest challenges in the face of COVID 19 Pandemic. Your Company has joined



this fight on ground by distributing essential necessities to Government Hospitals (N 95 masks & Ventilators) and masks and sanitizers for the Mumbai Police.

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

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

### Particulars of Employees and other related disclosures

The total employee strength of the Company as on March 31, 2020 stood at 3,899 and as on effective date 7001. During the year, 23 employees employed throughout the year were in receipt of remuneration of ₹ 1.02 crore or more per annum or ₹ 8.50 lakhs or more per month. In accordance with the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of such employees are set out in the annex to the Directors' Report.

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

Further, the disclosures on managerial remuneration as required under Rule 5(1) of the said Rules are provided in Annexure 1 appended to the Directors' Report.

### Disclosures on remuneration of Managing Director and Key Management Persons as mandated under IRDAI Guidelines on Remuneration of Non-Executive Director and Managing Director/ Chief Executive Officer/ Whole-Time Director of Insurers dated August 5, 2016

- (i) Qualitative Disclosures:
  - (a) Information relating to the design and structure of remuneration processes and Key Features and Objectives of the Remuneration Policy:
 

The Remuneration Policy provides that the level and composition of remuneration is in line with other companies in the industry, sufficient to attract and retain right talent at all levels and keep them motivated enough to meet the organizational objectives and a reasonable balance is maintained in the composition of remuneration (fixed and variable component). The performance measurement parameters are in place to assess the overall performance of Directors, KMPs, Members of Senior Management and other Employees. The Nomination and Remuneration Committee (NRC), whilst approving remuneration of the Managing Director and CEO and other Whole-time Directors, considers the above factors, which is subject to approval of IRDAI.
  - (b) Description of the ways in which current and future risks are taken into account in the remuneration processes:
 

The remuneration fixing process of Whole-time Directors including Managing Director and CEO, includes evaluation of performance against performance objectives defined by NRC which includes performance criteria covering the enterprise wide Risk Management Framework.
  - (c) Description of the ways in which the Company seeks to link performance during a performance measurement period with levels of remuneration:
 

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

    - a. Topline and bottom line targets of the Company including portfolio steering;

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

(ii) Quantitative Disclosures

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

Particulars	Year ended March 31, 2020
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
<b>Breakdown of amount of remuneration awards for the financial year (Amount in ₹ )</b>	
Fixed	7,64,24,458
Variable	3,75,00,492
Deferred	NIL
Non-deferred	NIL
Total amount of deferred remuneration paid out in the financial year	NIL
<b>Total amount of outstanding deferred remuneration</b>	
Cash (₹ in million)	NIL
Shares (nos.)	NIL
Shares-linked instruments	NIL
Other forms	NIL

Note: \*Mr. Anuj Tyagi was the Executive Director & CBO of the Company upto January 8, 2020 and

was appointed as the Managing Director & CEO of HEHI w.e.f January 9, 2020. Pursuant to merger, Mr. Tyagi has been appointed as the Executive Director & CBO of the Company for a period of 5 (five) years w.e.f November 13, 2020.

### 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 2019-20.

The Secretarial Audit Report is appended to this Report.

### Employees Stock Option Plan (ESOP)

During the year, the Company granted 200,000 stock options in respect of 200,000 equity shares of ₹ 10 each at an exercise price of ₹ 364.40 per option under ESOP-2009 to 2 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 1,095,250 and Options exercised aggregated to 420,000. Pursuant to the said exercise, the Company received ₹ 4.14 crore as exercise consideration (excluding tax). Pursuant to exercise of Options, 420,000 equity shares of ₹ 10 each have been allotted to the concerned employees.

During the year, 45,000 Options lapsed and the Options in force as on March 31, 2020 were 3,813,000.

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

The diluted EPS is ₹ 5.30 against a basic EPS of ₹ 5.32.

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

- None of the KMP's were granted any Options during the year.
- Mr. Ravi Vishwanath, President – Accident & Health Business and Mr. Sriharsha Achar, President – Human Resources were granted 100,000 Options each 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.

Pursuant to merger, as provided under the Scheme, Option Grantees of HEHI were issued Options under ESOP-2009, as detailed below:

Tranche	Original date of Grant	No. of options outstanding as on effective date of merger	No. of new options issued under ESOP 2009	Exercise price (in Rs)
T3	01-Oct-17	33,750	8,767	75.81
T4	09-Feb-18	144,000	37,403	75.81
T5	07-Aug-19	375,000	97,410	281.05
T6	10-Feb-20	875,000	2,27,284	364.60
<b>TOTAL</b>		<b>14,27,750</b>	<b>3,70,864</b>	

Note: The options under Tranche T3 and T6 vest in three tranches- 25% on completion of 2 years from original grant date, 25% at the end of 3 years from original grant date and the balance 50% on completion of 4 years from original grant date.

The options under Tranche T4 and T5 vest in four tranches- 20% on completion of 2 years from original grant date, 20% at the end of 3 years from original grant date, 20% on completion of 4 years from original grant date and balance 40% on completion of 5 years from original grant date.

All the options are exercisable within a period of 5 years from the date of respective vesting.

### 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 thirteenth AGM.

### Subsidiary Company

The Company has no subsidiaries.

### Directors and Key Managerial Personnel

#### Re-appointment of Mr. Ritesh Kumar as Managing Director and CEO

The present term of Mr. Ritesh Kumar, as Managing Director and Chief Executive Officer of the Company, expired on June 9, 2020.

The Nomination and Remuneration Committee of Directors (NRC) recommended the re-appointment of Mr. Ritesh Kumar, as the Managing Director and Chief Executive Officer of the Company for a further period of 5 (five) years from June 10, 2020. Thereafter, The Board of Directors, at its meeting held on May 8, 2020 approved the reappointment of Mr. Ritesh Kumar as Managing Director and CEO for a term of 5 (five) years subject to approval of IRDAI and the Shareholders. IRDAI vide its letter dated June 23, 2020 approved the said appointment.

#### Appointment of Mr. Anuj Tyagi as Executive Director and CBO

Mr. Anuj Tyagi, Executive Director & Chief Business Officer of your Company was appointed as the Managing Director and CEO of HEHI w.e.f. January 9, 2020 while continuing as a Non-Executive Director of the Company. Pursuant to the merger, the Board of Directors at its meeting held on November 13, 2020, approved the appointment of Mr. Anuj Tyagi, as a Whole-time Director (designated as Executive Director & Chief Business Officer) for a period of 5 (five) years, with effect from November 13, 2020, subject to the approval of IRDAI under Section 34A of the Insurance Act, 1938 and of the Shareholders.

#### Change of ERGO Nominee Directors

In October 2020, ERGO International AG, has nominated Dr. Oliver Martin Willmes (DIN: 08876420) and Dr. Clemens Muth, (DIN: 07824451) as its new nominees on the Board, in place of Mr. Alexander Ankel (DIN: 07798908) and Mr. Theodoros Kokkalas (DIN: 08093899). The Board, by way of circular resolution approved the appointment of Dr. Oliver Martin Willmes (DIN: 08876420) and Dr. Clemens Muth, (DIN: 07824451) as Additional Directors with effect from October 12, 2020, to hold office as such upto the date of ensuing AGM. Their appointment is placed before the Members and the same is included in the Notice of the thirteenth AGM circulated to the members.

#### 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, Ms. Renu Sud Karnad (DIN: 00008064) and Mr. Deepak S. Parekh (DIN: 00009078), Directors, would retire by rotation at the ensuing AGM and being eligible, have offered themselves for re-appointment and the same is included in the Notice of the thirteenth AGM circulated to the members.

### Orientation Programme for Independent Directors

The Insurance Regulatory and Development Authority of India (IRDAI) issued a letter dated December 13, 2019, on 'Orientation Programme for Independent Directors of Insurance Companies', advising all the insurance companies to ensure that all its independent directors participate in a 2-day residential Orientation Programme for independent directors to be conducted by the National Insurance Academy (NIA), Pune. The objective of the programme is to ensure high levels of corporate governance standards and to facilitate fulfillment of obligations of Independent Directors of the Company in a prudent manner. The programme provides insights into the statutory and regulatory framework on the entities with respect to which they are/would be acting as Independent Directors. All the Independent Directors attended the said Orientation Programme.

### Opinion of Board (Independent Directors Databank)

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

The Company has taken appropriate steps towards the inclusion of the names of all Independent Directors in the Databank of Independent Directors maintained by the Indian Institute of Corporate Affairs, Manesar ('IICA'). Further, in terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors are required to undertake online proficiency self-assessment test conducted by the IICA within a period of one (1) year from the date of inclusion of their names in the Databank. Proviso to Rule 6(4) of the said Rules provides that the Independent Directors shall not be required to pass the online proficiency self assessment test, if they have served as a director or key managerial personnel, for a total period of not less than ten years, as on the date of inclusion of their name in the databank, in one or more of the following entities:-

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

The Independent Directors as applicable would undertake the online proficiency self-assessment test.

### Declaration by Directors

The Company has received declarations from all Independent Directors confirming that they meet the

criteria of independence as provided under sub-section 6 of Section 149 of the Act.

The Company has received declarations from all Directors confirming that they are not disqualified from being appointed as Directors under the provisions of Section 164 of the Act. Further, all the Directors have confirmed that they comply with the 'fit and proper' criteria prescribed under the Corporate Governance Guidelines issued by IRDAI vide circular dated May 18, 2016 ('Guidelines').

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

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

### Internal control over Financial Reporting

The Internal Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable accounting principles and includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and Directors of the Company; and (iii) provide reasonable assurance regarding prevention and timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company has established adequate internal control procedures, commensurate with the nature of its business and size of its operations and the same are periodically monitored and reviewed by the Management for its adequacy and appropriateness. Standard Operating Procedures are in place largely for all areas of operations and the same are reviewed periodically. The Management has assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2020. 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, 2020 with no significant deficiency.

### Audit and Compliance Committee

The Audit and Compliance Committee comprises of six (6) members – four Independent Directors and two Non-Executive Directors. The Chairman of the Committee



is an Independent Director and a qualified Chartered Accountant. The composition of the Committee is in conformity with the provisions of Section 177 of the Act and the Guidelines.

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

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

### Indian Accounting Standards (Ind AS)

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

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

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

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

The Company has framed a Policy on Prohibition of Sexual Harassment at the workplace (POSH Policy) based on the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) with an objective to promote a safe and secure work environment for all employees and to provide protection against sexual harassment of employees and prevention thereof and redressal of complaints.

In accordance with the provisions relating to the constitution of Internal Complaints Committee under the POSH Act, the Company has constituted an Internal Complaints Committee (ICC). Presently, ICC comprises of six members, of which three are women including a member from a non-governmental organization, who is an expert on the subject matter. One of the women members is the presiding officer of ICC.

The role of ICC is to monitor complaints and redressal of grievances under the POSH Policy. An Online POSH module was enabled for all employees (including study material followed by compulsory test). Also during the year, sessions were conducted on an on-going basis to create awareness about the Policy amongst the employees.

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

### Secretarial Standards

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

### 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, 2020 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 thank and appreciate the Insurance Regulatory and Development Authority of India, General Insurance Council, Competition Commission of India, Reserve Bank of India, Ministry of Corporate Affairs and other Ministries of the Government of India, Depositories and the Stock Exchanges for their guidance and extending co-operation in the endeavors pursued by the Company.

The Board wishes to express its sincere gratitude to and acknowledges the role of all the stakeholders – policyholders, channel partners, reinsurers and intermediaries for their continued support, trust and co-operation.

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.

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

On behalf of the Board of Directors

**KEKI M. MISTRY**

Non-Executive Director  
(DIN: 00008886)

Mumbai

November 13, 2020

**RITESH KUMAR**

Managing Director and CEO  
(DIN: 02213019)

## 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 2019-20:**

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	7:1
Mr. Mehernosh B. Kapadia	Independent Director	7:1
Mr. Arvind Mahajan	Independent Director	7:1
Mr. Ameet P. Hariani	Independent Director	7:1
Mr. Samir H. Shah	Executive Director and CFO	45:1
Mr. Anuj Tyagi*	Executive Director & CBO	43:1
Mr. Ritesh Kumar	Managing Director and CEO	162:1

**Percentage increase in remuneration of each Director and Key Managerial Personnel in FY 2019-20:**

Name	Designation	Increase in Remuneration (%)
Mr. Ritesh Kumar	Managing Director and CEO	12%
Mr. Anuj Tyagi*	Executive Director & CBO	11%
Mr. Samir H. Shah	Executive Director & CFO	10%
Mr. Dayananda V. Shetty	Company Secretary & Chief Compliance Officer	11%

\* Mr. Anuj Tyagi, Executive Director & CBO of your Company was appointed as the Managing Director and CEO of HEHL w.e.f. January 9, 2020 while continuing as a Non-Executive Director of the Company. Pursuant to the merger, the Board of Directors at its meeting held on November 13, 2020, approved the appointment of Mr. Anuj Tyagi, as a Whole-time Director (designated as Executive Director & CBO) for a period of 5 (five) years, w.e.f. November 13, 2020.

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 2019-20, which is the same as paid for FY 2018-19. Further details are provided in Form MGT-9.

**Percentage increase in the median remuneration of employees in FY 2019-20: 6%**

**Number of permanent employees on the rolls of the Company as on March 31, 2020: 3,899**

**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 2019-20 was 6.9%. The average increase in the remuneration of managerial personnel (i.e. Whole-time Directors) stood at 11% and of non-managerial personnel was 6.9%.

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.

Note: The above information pertains to standalone HDFC ERGO General Insurance Company Limited for FY 20.



## Report of the Directors on Corporate Governance

Effective Corporate Governance lays the strong foundation on which successful companies are built to last. The need for Corporate Governance has deepened due to globalization, wide spread of shareholders and greater expectations of society. Corporate Governance has therefore become imperative for instilling and maintaining ensuring investors' confidence in the corporate sector towards the economic development of society.

Corporate Governance has gained importance in the corporate sector with recognition given by international market to those companies which are well managed and practice high standards of 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 laws. Corporate Governance is the mechanism put in place by the corporate entity / group to protect the interest and rights of stakeholders having direct or indirect interest in the success and growth of its business viz. shareholders, customers, employees, government, regulator, service providers, financiers and society at large.

In hours of need like COVID-19 pandemic, Corporate Governance refers to fully respecting and adhering to the advisories given by various government authorities and agencies and taking utmost care of safety and wellbeing of all human being connected with the business enterprise including employees, customers, channel partners and suppliers.

Corporate Governance deals with how a corporate is governed. It is all about promoting corporate fairness, transparency and accountability. Good corporate governance promotes equity, compliance and deters fraud and other deceptive practices, thus ensuring long term growth and development of the Company.

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

As at November 13, 2020, the Board comprised of twelve members, of which three are Whole-time Directors and nine are Non-Executive Directors. The three Whole-time Directors include the Managing Director & CEO, Executive Director & Chief Business Officer and Executive Director & Chief Financial Officer. Of the nine Non-Executive Directors, three Directors represent HDFC which includes one Woman Director, two Directors represent ERGO and four are Independent Directors.

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

All the Independent Directors have confirmed that they satisfy the criteria laid down for an independent director under Section 149(6) of the Act and Rule 6(1) and (2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended. None of the Directors of the Company are related to one another. All the Directors of the Company fulfill the 'fit and proper criteria' as mentioned in the Guidelines.

The details of Board of Directors and their directorships in public companies as on November 13, 2020 are as under:

Sr. No.	Directors	Category	No. of Directorships As on November 13, 2020#
1.	Mr. Deepak S. Parekh	Chairman (Non-Executive)	5
2.	Mr. Keki M. Mistry	Non-Executive Director	5
3.	Ms. Renu Sud Karnad	Non-Executive Director	8
4.	Mr. Alexander Ankel*	Non-Executive Director	—
5.	Mr. Theodoros Kokkalas*	Non-Executive Director	—
6.	Dr. Oliver Martin Willmes**	Non-Executive Director	—
7.	Dr. Clemens Matthias Muth**	Non-Executive Director	—
8.	Mr. Bernhard Steinruecke	Independent Director	3
9.	Mr. Mehernosh B. Kapadia	Independent Director	3
10.	Mr. Arvind Mahajan	Independent Director	2
11.	Mr. Ameet P. Hariani	Independent Director	6
12.	Mr. Samir H. Shah	Executive Director & CFO	—

Sr. No.	Directors	Category	No. of Directorships As on November 13, 2020#
13.	Mr. Anuj Tyagi***	Executive Director & CBO	1
14.	Mr. Ritesh Kumar	Managing Director & CEO	—

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

\*\*\* Mr. Anuj Tyagi, Executive Director & CBO of your Company was appointed as the Managing Director and CEO of HEHL w.e.f. January 9, 2020 while continuing as a Non-Executive Director of the Company. Pursuant to the merger, the Board of Directors at its meeting held on November 13, 2020, approved the appointment of Mr. Anuj Tyagi, as a Whole-time Director (designated as Executive Director & CBO) for a period of 5 (five) years, w.e.f. November 13, 2020.

#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 / budget, ensure regulatory compliance and safeguard interest of all stakeholders. The Board plays a pivotal role in ensuring good governance and creating value for all stakeholders. The Directors acknowledge their duties as prescribed under the Act, the rules framed thereunder and the Guidelines.

### Role of Independent Directors

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

### Tenure

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

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

## Board Meetings and Procedures

All Directors participate in discussing the strategies, business performance, financials, investment performance and key risks pertaining to the business of the Company. The Board follows a set of appropriate standard procedures in the conduct of Board meetings which is summarized below:

The meetings of the Board of Directors are generally held at the Company's registered office in Mumbai. The schedule of meetings to be held in a calendar year is planned well in advance and informed to the Directors. The notice of each Board and Committee meeting is given in writing through email to each Director, Appointed Actuary, members of Senior Management and Statutory and Internal Auditors, as and when required. The Company also makes arrangements for participation of Directors in the meeting through video-conferencing (VC), if for any reason they are unable to participate in the meeting in person. The Board and its Committees meet at least once a quarter inter-alia to review the financial, operational, investment performance and key risks impacting the business of the Company.

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

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

During FY 2019-20, the Board met six (6) times on May 3, 2019, June 19, 2019, July 24, 2019, October 23, 2019,

January 15, 2020 and January 22, 2020. 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	6	5
Mr. Keki M. Mistry	6	6
Ms. Renu Sud Karnad	6	5
Mr. Alexander Ankel*	6	3
Mr. Theodoros Kokkalas*	6	4
Dr. Oliver Martin Willmes**	—	—
Dr. Clemens Matthias Muth**	—	—
Mr. Bernhard Steinruecke	6	6
Mr. Mehernosh B. Kapadia	6	6
Mr. Arvind Mahajan	6	6
Mr. Ameet P. Hariani	6	6
Mr. Samir H. Shah	6	6
Mr. Anuj Tyagi	6	5
Mr. Ritesh Kumar	6	6

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

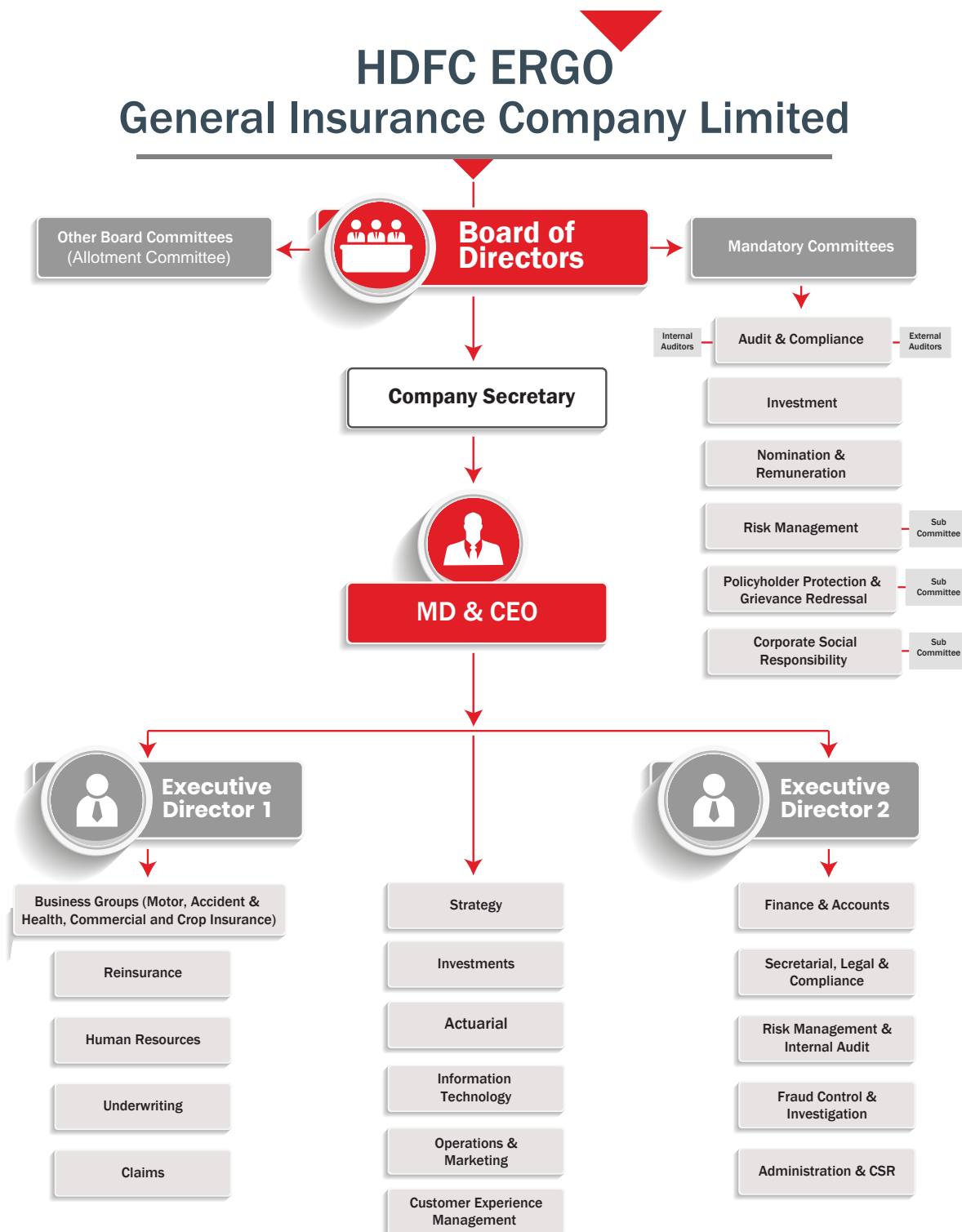
The Board also met on May 8, 2020, June 12, 2020, July 22, 2020, October 21, 2020 and on November 13, 2020 for consideration and approval of restated audited financial statements for the year ended March 31, 2020.

## Committees

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

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

The relationship as on November 13, 2020 between the Board, the Committees and the Senior Management functions is illustrated below





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

#### Audit and Compliance Committee (ACC)

The Audit and Compliance Committee comprises six (6) members – four Independent Directors and one nominee each of HDFC and ERGO. The Chairman of the Committee is an Independent Director and a qualified Chartered Accountant. The composition of the Committee is in conformity with the provisions of Section 177 of the Act and the Guidelines. During the year, the Committee was re-constituted to induct Mr. Ameet P. Hariani, Independent Director as a Member of the Committee.

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, reviews the process and mechanism in place to comply with the provisions of applicable laws. The Committee recommends to the Board, the appointment or re-appointment of the Statutory Auditors, Internal Auditors, Secretarial Auditors, Concurrent Auditors, 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 FY 2019-20, the ACC met six (6) times on May 3, 2019, July 24, 2019, October 23, 2019, January 15, 2020, January 22, 2020 and February 24, 2020.

The Committee also met on May 8, 2020, July 7, 2020, July 22, 2020, August 24, 2020 October 21, 2020 and on November 13, 2020 wherein it recommended the restated audited financial statements for the year ended March 31, 2020 to the Board for approval.

The composition of the ACC and attendance of the Committee Members at the meetings held during FY 2019-20 are listed below:

Members	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Mehernosh B. Kapadia (Chairman)	6	6
Mr. Bernhard Steinruecke	6	6
Mr. Arvind Mahajan	6	6
Mr. Ameet Hariani	3	3
Mr. Keki M. Mistry	6	6
Mr. Alexander Ankel*	6	4
Dr. Oliver Martin Willmes*	—	—

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

#### Investment Committee (IC)

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

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

Committee also reviews the ALM and solvency position, the investment strategies adopted from time to time and gives suitable directions as needed.

The Committee at its quarterly meetings inter-alia reviews the report of the concurrent auditors on audit of investment transactions and related systems, the investments made by the Company during the quarter, ALM position and the investment strategy for 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 FY 2019-20, the IC met four (4) times on May 3, 2019, July 24, 2019, October 23, 2019 and January 22, 2020. The IC also met on May 8, 2020, July 22, 2020 and October 21, 2020.

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	2
Dr. Clemens Matthias Muth*	—	—
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	3
Mr. Sanjay Mishra (Chief Risk Officer)	4	4

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

### Risk Management Committee (RMC)

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

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

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

During FY 2019-20, the RMC met four (4) times on May 3, 2019, July 24, 2019, October 23, 2019 and January 22, 2020.

The composition of the RMC and attendance of the Committee Members at the meetings held during FY 2019-20 are listed below

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

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

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

### Policyholder Protection and Grievance Redressal Committee (PPGRC)

The Policyholder Protection and Grievance Redressal Committee comprises seven (7) members - two Independent Directors, two HDFC nominees, one ERGO nominee, an Executive Director and a Non-Executive Director. The Chairman of the Committee is an Independent Director.

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

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

The Policy on Protection of Interests of Policyholders (PPHI Policy) is available on the website ([www.hdfcergo.com](http://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](mailto:grievance@hdfcergo.com) is provided to enable Policyholders to submit their grievance/ complaint and its speedy redressal.

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

During FY 2019-20, the PPGRC met four (4) times on May 3, 2019, July 24, 2019, October 23, 2019 and January 22, 2020.

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

Members	No. of Meetings held during the tenure	No. of meetings attended
Mr. Arvind Mahajan (Chairman)	4	4
Mr. Ameet P. Hariani	4	4
Mr. Keki M. Mistry	4	4
Ms. Renu Sud Karnad	4	4
Mr. Alexander Ankel*	4	2
Dr. Clemens Matthias Muth*	-	-
Mr. Anuj Tyagi	4	4
Mr. Samir H. Shah	4	4

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

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 advice to the Company in protection of interest of Policyholders.

The Company 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 program 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.

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 two (2) times on May 3, 2019 and January 22, 2020. The NRC also met on May 8, 2020. The composition of the NRC and the attendance of the Committee Members at the meetings held during the year are listed below:

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

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

#### Corporate Social Responsibility Committee (CSR)

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

During FY 2019-20, the Committee met four (4) times on May 3, 2019, July 24, 2019, October 23, 2019 and January 22, 2020.

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

Members	No. of Meetings held during the tenure	No. of meetings attended
Mr. Ameet P. Hariani (Chairman)	4	4
Mr. Mehernosh B. Kapadia	4	4
Mr. Deepak S. Parekh	4	3
Ms. Renu Sud Karnad	4	4
Mr. Theodoros Kokkalas*	4	3
Dr. Oliver Martin Willmes*	—	—
Mr. Anuj Tyagi	4	4

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

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

#### Allotment Committee (AC)

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

Members	Position
Mr. Mehernosh B. Kapadia	Independent Director
Mr. Keki M. Mistry	Non-Executive Director
Ms. Renu Sud Karnad	Non-Executive Director
Mr. Alexander Ankel*	Non-Executive Director
Dr. Clemens Matthias Muth*	Non-Executive Director
Mr. Ritesh Kumar	Managing Director and CEO

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

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

During the year, the Committee approved the allotment of 420,000 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 are 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.

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

### Code of Conduct

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

On behalf of the Board of Directors

**KEKI M. MISTRY**  
Non-Executive Director  
(DIN: 00008886)  
Mumbai  
November 13, 2020

**RITESH KUMAR**  
Managing Director and CEO  
(DIN: 02213019)

### 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  
November 13, 2020

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

## Management Discussion and Analysis Report

### Macro-Economic Environment

The slowdown in the global economic activity in the second half of 2018 continued throughout 2019 on account of continued trade policy uncertainty, stress in emerging market economies and geopolitical tensions. More than this slowdown, however, the lower global demand arising out of the COVID-19 pandemic is expected to result in a contraction of the global economy in 2020. The effectiveness of various pandemic containment measures and the repercussions of the dramatic tightening in global financial market conditions continue to cast a further shadow over global economic prospects. Depending on the pathway of the pandemic and the severity of its financial consequences, a downside risk to economic growth cannot be ruled out.

The growth of the Indian economy slowed down this year primarily on account of lower gross fixed capital formation, weak private consumption and investment. According to the estimates of Central Statistical Office (CSO), the GDP in FY 2019-20 grew by 4.2% in constant price terms as compared to 6.1% for FY 2018-19. The service sectors continued to drive growth, with their 6.9% growth in FY 2018-19 followed by 4.9% growth in FY 2019-20. Agriculture, forestry and fishing sectors registered a 4.0% growth, against 2.4% growth last year. The growth of the manufacturing sector was most impacted, slowing down from 5.7% growth last year to 0.03% growth this year. The Government undertook various measures to boost economic growth – such as reduction in corporate income tax rate, merger of public sector banks, recapitalization of public sector banks, etc.

The RBI has taken measures to shield the domestic economy from the potential effects of the pandemic. Nonetheless, the subdued economic activity in Q1FY21 owing to the lockdown situation resulted in a GDP de-growth of 23.9% on a year-on-year basis. The Reserve Bank of India expects our economy to de-grow in FY21, with growth revival to pick up from H2FY21 onwards. Uncertainty around COVID-19, lower domestic demand and higher volatility in global financial markets continue to be downside risks to domestic economic activity.

### General Insurance Industry

FY 2019-20 was another year which witnessed multiple catastrophic events (to name a few, floods in Kerala, Karnataka and Cyclone Fani of Odisha).

Perhaps the most important development in FY20 was the upward revision in premiums for certain categories of corporate risks. The premium rates in the corporate segment had witnessed competitive pressures for many

years; thus, this revision was a timely step towards bringing pricing adequacy in line with risk costs.

Last year, the IRDAI had introduced mandatory long term third party insurance for new two wheelers and private cars. This year, IRDAI introduced standalone own damage covers for customers who held valid third party covers, so that customers who opted for standalone third party covers could also cover own damage risks.

The IRDAI also announced several measures in the health insurance segment. Insurers are now allowed to make minor modifications regarding premium changes, sum insured ranges, distribution channels, etc. without requiring prior approval of the IRDAI, which helps them approach the market faster. Definition of 'pre-existing diseases', general clauses and exclusions are now standardized across the industry. Lastly, Arogya Sanjeevani Policy, an indemnity health insurance product with uniform coverages and standardized terms & conditions across the industry, is being offered by all insurers from April 1, 2020.

During the COVID-19 outbreak, the IRDAI undertook various measures aimed at protecting the interests of the insurance customers. For example, insurers were advised to expeditiously handle health insurance claims, in particular those pertaining to COVID-19. Also, the timeline for payment of health and motor third party renewal premiums was extended.

### Segment-wise growth and composition

The General Insurance industry grew by 11.7% in FY20, led by Corporate, Crop and Health segments. Owing to revision in premiums for certain categories of risks, the Corporate segment led the industry growth with a 17.6% growth. Crop and Accident & Health segments registered a growth of 16.9% and 11.5% respectively, largely on the back of improved insurance penetration. An 18.0% de-growth in primary vehicle sales and a nominal increase in the premium rates for the Motor Third Party segment resulted in the motor segment growing slowly at 7.3%. Thus, the industry excluding crop segment witnessed a 10.7% growth on a year-on-year basis.

The segment wise composition of the industry for FY 2019-20 was as follows (figures in brackets represent composition for FY 2018-19): Motor 37% (38%), Accident & Health 30% (30%), Corporate lines 17% (16%) and Crop 16% (16%).

### Insurer category-wise growth and market share

During FY 2019-20, Private sector insurers (including the standalone health insurers) grew by 13.9%, while Public sector insurers (including the specialized insurers) grew

by 8.9%. Private sector insurers grew faster than Public sector insurers across all non-crop segments (Motor, Accident & Health and Corporate). Certain Private sector insurers stayed away from crop segment this year, and as a result Public sector insurers grew faster than Private sector insurers in the crop segment.

The market share of Private sector insurers (including standalone health insurers) increased from 54.7% in FY 2018-19 to 55.8% in FY 2019-20.

### Merger of HDFC ERGO Health Insurance Limited with the Company

In January 2020, HDFC Ltd. acquired 51.2% shareholding of Apollo Munich Health Insurance Company Limited after receiving necessary approvals, renamed the company as HDFC ERGO Health Insurance Limited (HDFC ERGO Health). Thereafter, the merger of HDFC ERGO Health with the Company was completed on November 13, 2020 with Appointed Date being March 1, 2020

HDFC ERGO Health is one of the leading Private sector health insurers in India, with a deep domain expertise in health insurance and wide network of ~98,000 agents across the country. The merged entity is amongst the leading private insurers in India, particularly in the health insurance sector. The customers of the Company now have access to the combined product bouquet of both companies, the 'best of both' practices in terms of service delivery and digitization, an office network comprising 203 physical and 250+ digital offices, and a cashless network of 10,000+ hospitals spread across the country. Thus, the customers of both companies stand to benefit from the merger.

The integration of HDFC ERGO Health with the Company has been planned so as to have minimum disruption to the business, and it progressed as per the plan during FY 2019-20. The integration plan consists of harmonizing the people practices of both companies, devising new processes adopting a 'best of both' approach, integration of both sets of technology systems and aligning distribution and partner relationships. The integration exercise is expected to be largely concluded in FY 2020-21, after which the Company shall be able to better deliver a uniform experience to policyholders and partners of both companies.

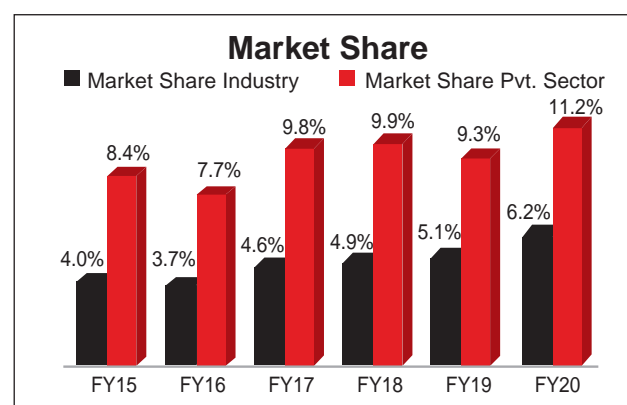
### Performance Review- Merged basis

During the year, the gross written premium of the Company grew from ₹ 8,721.8 crore to ₹ 9,760.1 crore, registering a growth of 11.9%. On the profitability front, our portfolio

steering measures and focus on operational efficiencies could partly offset the negative impact of catastrophic events. Therefore, our combined ratio before the impact of certain changes in accounting policy increased to 101.4% as compared to 98.7% for FY19. Our profit before tax excluding this impact increased from ₹ 467 crore previous year to ₹ 689 crore this year.

HDFC ERGO Health would make reserves for unexpired risks at 50% of Net Written Premium. In order to more fairly represent the Reserve for unexpired risks, this method was aligned with HDFC ERGO, i.e. calculated based on 1/365 method of Net Written Premium. This had an adverse impact of ₹ 228 crore on the profit before tax of the Company. The overall impact of all changes in accounting policy and estimates to align with that of HDFC ERGO was ₹ 230 crore. Considering this impact, the Company achieved profit after tax of ₹ 327 crore as compared to ₹ 383 crore last year and a combined ratio of 105.3%.

The below chart depicts the market share evolution of the Company :



The figures for FY20 are on merged basis.

For a better understanding of the financial performance during the current year, we also present below an overview of the financial performance of the Company on a standalone basis for FY20:

### Performance Review – standalone basis

During the year, the gross written premium of the Company grew by 8.2%, from ₹ 8,721.8 crore to ₹ 9,438.9 crore, resulting in a market share of 4.9% for FY 2019-20. In line with its strategy, the focus on Motor and Accident and Health continued this year, and the product mix in Motor, Accident and Health, Corporate and Crop segments was at 36% (PY: 35%), 21% (PY: 23%), 20% (PY: 18%) and 23% (PY: 24%) respectively.



The Company achieved a profit after tax of ₹ 447.7 crore as compared to ₹ 383.0 crore during the previous year, representing a growth of 16.9%. This was driven by portfolio steering measures to improve underwriting profitability and tight control on operating expenses.

### Motor Business

Motor Line of Business registered a growth of 11%, clocking premium of ₹ 3,388 crore (PY: ₹ 3,060 crore), increasing its share in overall business to 35% (PY: 34%). The 11% growth was faster than the industry growth rate of 7.3% and was noteworthy as it was achieved in the backdrop of YoY primary motor sales de-growth of 18%. 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) 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. The Company collected ₹ 512 crore as advance premium in FY20 and the total advance premium at the end of FY20 stood at ₹ 713 crore.

With the introduction of Long Term policies, the Automotive Practices business has been in the focus in generating new motor premium. We are happy to inform you that the Company continued to gain market share across the programs and registered a growth of 13% with premium of ₹ 1,248 crore. In FY20, the Company has added one more OEM insurance program in the form of HERO Insurance Broking and now are present in ~90% of the OEM Insurance Programs in the country.

### Motor Claims Servicing

The intimation of Motor OD Claims increased YoY by 18% in FY20 with 5.16 lacs claims being reported. The Company takes pride in having a fair and robust claims management practice. Following its core values, the Company has been able to provide a prompt response and quick claim settlement to all the policyholders. The Settlement Ratio of the Company was 99.8% in FY20. The Company has helped the insured manage their claims in a collaborative and mutually supportive manner by providing PAN-India claims servicing across 643 districts. The repudiation rate of the Company in FY20 and Q4 FY20 has been 1.3% & 0.9% (PY: 1.80% & 2.12%) respectively which is one of the lowest in the industry. The faster settlement turn-around-

times (TAT) and higher settlement rate resulted in an Net Promoter Score (NPS) of 11.3 in FY20 for Motor OD Claims.

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 TAT and customer convenience. In FY20, 85% of cashless and 74% of reimbursement Motor Claims were paid within 24 hours from invoice submission.

In order to enhance the customer experience through consistency of decision making and faster response, the Company has been investing and scaling up the digital initiatives in Motor Claims department. By the end of the year, the Company has been able to service 80% of the two wheeler and 51% of the Private Car claims via digital survey (for the full year the same stands at 56% & 24% respectively). In order to be ahead in the technology curve, the Company is also in the process to launch Artificial Intelligence (AI) supported survey tools for Motor OD Claims in FY21.

### Commercial Business

The commercial general insurance business continued to remain competitive.

The hardening of premium rates in the largest component of commercial business i.e. Property portfolio, resulted in a robust growth of 37% with a contribution of 53% to the Commercial portfolio. The minimum premium rates were prescribed by the General Insurance Corporation w.e.f. March 1, 2019 for select occupancies which were later expanded to a whole range of 296 occupancies w.e.f. January 1, 2020, signaling positive outlook for property Business.

Group Health and Marine portfolios still continued to be price sensitive and with hardening of rates in fire portfolio, these two lines of business came under stress as corporates tried to cross subsidize. We continue to write these businesses with caution and portfolio approach. Liability lines have seen reasonable growth with demand for cyber insurance picking up amongst corporates.

The Company continued to build its commercial business through Brokers, Agency as well as Bancassurance channels. 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 68% in FY20 from 66% in FY19. Mid-Market broking contribution to corporate business increased to 9% in FY20 from 6% in FY19.

New tie ups in Bancassurance business increased our geographical reach and penetration in distribution of commercial products. In Agency, the Company has formed a dedicated team to focus on SME business development. This has resulted in Agency and Bancassurance to contribute 17% to commercial business of the Company.

With a view to diversify, the focus was on ease of doing business in the small and medium sector through use of technology. Simple pre-underwritten raters were developed targeting preferred risk segment empowering intermediaries to provide quotes.

During FY 2019-20, commercial business recorded a growth of 23%, with GWP increasing from ₹ 1,587 crore in FY19 to ₹ 1,946 crore in FY20.

### **Accident & Health Product**

Focus this year was on repricing retail flagship product, continuing our efforts to right price the group portfolio, and navigating the new open architecture model in Bancassurance. Overall A&H portfolio remained flat during FY 20, on a standalone basis, with gross written premium underwritten of ₹ 1,941 crore (PY: ₹ 1,975 crore).

Within A&H, Retail health grew by 16%, faster than the industry growth rate of 12%, thereby increasing its contribution in A&H business to 32% (PY: 28%). Bancassurance, the largest contributor to retail health, faced challenges of open architecture that allows banks to have 3 insurance partners for each of general insurance, health insurance and life insurance. By design over last few years, dependence for retail health on banks has reduced. Online and Agency scale up has pushed retail health growth. They grew by 43% and 17% respectively in FY20.

Personal Accident (PA) contributed ~ 33% of A&H portfolio for the Company. Bancassurance contributes ~ 87% of PA. Increased competition led to stress on pricing in FY20 impacting both top and bottom-line.

Group Health has de-grown by 27% owing to non-renewal of one large Government sponsored policy (Ayushman Bharat-Chattisgarh) and few loss making Policies.

Ayushman Bharat - Chattisgarh saw premium of ₹ 16 crore in FY20 (PY: ₹ 100 crore). Group health policies have been underwritten very selectively in line with organizational philosophy.

During the year, the Company's flagship health product, Health Suraksha (HS), saw a revision in its product features and pricing structure. Apart from adding features like Wellness benefits, installment facility and rebound benefit, to name a few, a segment pricing structure was introduced as well. The new product has been launched across all channels. Apart from Health Suraksha, the Company also launched products like Women Suraksha, Credit comprehensive and my: Credit Personal Accident in FY20.

Strategic Alliances has added new relationships during the year and they shall work as incubators for growth in coming years.

In terms of operational efficiency, the Company issued 92% policies in straight through mode without human intervention, with the help of automated rule based underwriting system.

Merger of HDFC ERGO Health with the Company is a win win proposition for policyholders, employees, distributors and vendors. It makes your Company the single source for all Health products from HDFC and Munich Re Groups.

Health Insurance is one of the fastest growing line of business and poised to become the largest single product line in the Industry. The merged entity will have access to the best specialized risk management expertise, large and scalable positions in multiple channels especially in proprietary channels such as Agency and Direct, the ability to attract the best talent, and build a strong and sustainable health insurance brand. The merged entity has an exciting product line up, backed up by innovation in service and technology, to create a differentiated customer experience at scale.

Including the March 2020 premiums of the Transferor Company, the Accident & Health business of the Company stood at Rs. 2,262 crore in FY20.

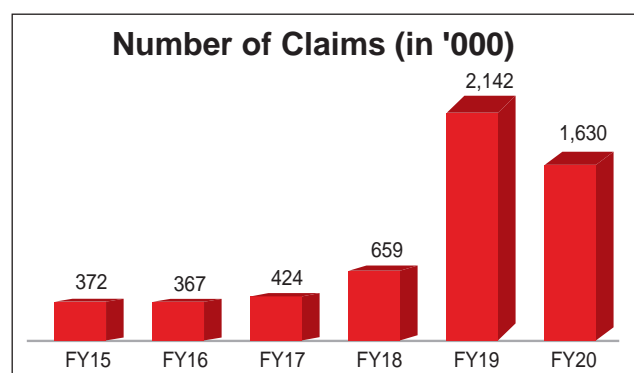
### **Accident & Health Claims Servicing**

The project undertaken for re-imagining the customer journey in Health Care servicing has given desired results. The turnaround time for pre-authorization requests has

stabilized at average 14 minutes for straight through cases while for reimbursement cases it has come down from 55 hours to 7 hours. Process efficiencies were implemented without compromising on the quality of decision making.

An AI rule engine, has been successfully deployed in triggering suspected claims to the internal claims investigation unit. Earlier, the static rule engine was used and it depended on human intervention for regularly updating rules.

All these initiatives have significantly contributed in enhancing customer delight. As a result, the customer calls in A&H claims have reduced from 48% to 43% (March exit) for FY19 & FY20 respectively and improved Net Promoter Score from 27 to 34.



The figures for FY20 are on merged basis.

### Crop Insurance

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. The aim of PMFBY is to provide maximum insurance at minimum price for the benefit of farming community. Hence, the premium to be paid by farmer was capped.

Crop insurance under PMFBY aims at supporting 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 credit worthiness of the farmers and their continuance in the farming activities, crop diversification and enhancing growth and competitiveness of agriculture sector besides protecting farmers from production risks.

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 completed 4 years of operation and was able to reach an overall penetration level of ~30% of Gross Cropped Area. The overall non-loanee coverage also increased from ~20% in Rabi 2016-17 to ~40% in Rabi 2019-20. With the increased penetration of the scheme, the Government of India issued certain directives which increases its acceptability further. These changes are to be implemented from Kharif 2020 and some of the salient features are:

1. The enrollment of loanee farmers have been made optional from the erstwhile mandatory coverage (bundled with Kisan Credit Card);
2. The allocation of tenders will be for a fixed period of 3 years as against annual / seasonal tenders being followed currently;
3. The Sum Insured may be the Scale of finance or (Notional Average Yield \*MSP) as per State which was earlier the Scale of Finance; and
4. 50% Central Subsidy over and above farmer share of premium up to 25% for Irrigated crop and 30% for un-irrigated crop from the earlier provision of equal sharing of subsidy by the Centre and States without any upper capping. However, the farmer share of premium remains unchanged.

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 FY20, the Company implemented the scheme in 78 districts spread over 9 states covering more than 2 million farmers. The Company has maintained a stable market share ranging from ~7.5% to 9% over the years and wrote a GWP of ₹ 2,163.1 crore in FY 20 as against 2,099.4 crore in FY 19. 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 improved its call center support. A strong workforce is deployed in the field to carry out various compliance, as desired in the Operational Guidelines. The in-house monitoring of the scheme implementation is being done in approximately 60% of our portfolio, ensuring better control on field. The Company made investments for usage of satellite based yield forecasting and crop acreage estimation study. This is in line with the Government of India's thrust on increasing usage of technology for timely and transparent claim settlement. For this the Government of India is developing scalable, robust and technology driven approach for direct yield estimation at Gram Panchayat level.

### Bancassurance

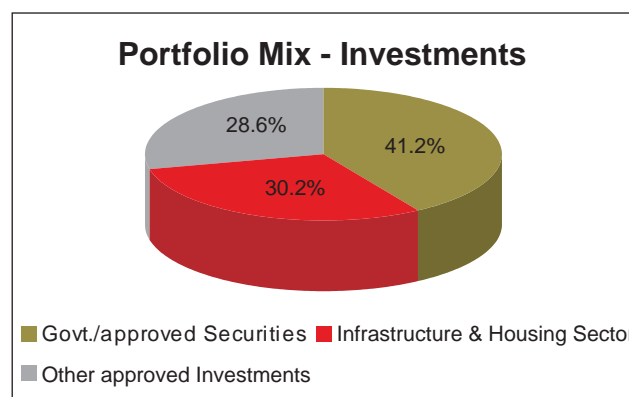
Bancassurance channel contributed GWP of ₹ 2,549 crore, de-growing by 4% over FY19 (PY: 19%). Newer Bancassurance Partners clocked growth of 23% during the year. Overall Bancassurance business maintained positive growth on the onset of multiple insurance players added in majority of our partnerships. This also allowed the Company to decisively place its focus on portfolio steering and take corrective actions. In addition, slowdown amid the biggest business segment, Motor lessened new business growth. During the year, Banca Strategic Alliances Group gained 10 new affiliations that should aid achieving significant scale-up in coming years. The Company gained its 1st Public Sector Bancassurance Partner during the course of the year - Syndicate Bank.

### 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 liquidity and safety of assets, optimizing returns and consistency of returns commensurate with the risk undertaken.

As on March 31, 2020, the Investment Assets of the Company stood at ₹ 11,502 crore (PY: ₹ 9,104 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 ₹ 4,922 crore (42.8%) in Government securities, ₹ 3,552 crore (30.9%) in securities of the Infrastructure and Housing sector and remaining ₹ 3,027 crores (26.3%) in approved and other investments. The Company held 90% of its assets in Sovereign and AAA or equivalent rated assets, reflecting high degree of safety. Further, the Company held ₹ 1,494 crore in assets maturing within one year. The total investment income for the year ended March 31, 2020 was ₹ 867 crore. On a merged basis, as on March 31, 2020 the total Investment Assets of the Company stood at ₹ 13,577 crores of which ₹ 5,587 crore (41.2%) in Government securities, ₹ 4,100 crore (30.2%) in securities of the Infrastructure and Housing sector and remaining ₹ 3,889 crores (28.6%) in approved and other investments. The total investment income for the year ended March 31, 2020 was ₹ 881 crore.



### 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 characterized by relatively longer time delay for reporting and settlement of claims. Thus, the ultimate claim liabilities are estimated basis available information at

the valuation date and assumptions around future trends in claims severity and frequency, judicial rulings and other factors. Further, the assumptions are influenced by the Company's claims handling procedures, inflation, minimum wages, court decisions, legislative changes, customer behaviour, claims reporting delays etc. The ultimate reserves are adjusted with emerging claims experience.

The table below provides an overview of development of the Company's (including those of HDFC ERGO Health Insurance Limited) 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 years.

(₹ in crore)

Gross Incurred Losses and Allocated Expenses (Ultimate Movement)											
As at March 31, 2020	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19	AY 20
End of First year	452	741	770	1,065	2,178	2,636	2,923	5,007	5,616	7,049	8,236
One year later	442	734	846	1,103	2,323	2,547	2,980	4,788	5,332	6,951	
Two years later	444	747	833	1,050	2,293	2,535	3,112	4,874	5,284		
Three years later	453	753	781	1,116	2,289	2,638	3,121	4,860			
Four years later	455	754	801	1,080	2,363	2,636	3,120				
Five years later	458	767	806	1,144	2,369	2,621					
Six years later	461	768	810	1,150	2,376						
Seven years later	465	779	819	1,149							
Eight years later	467	777	818								
Nine years later	470	783									
Ten years later	470										

(₹ in crore)

Gross Paid Losses and Loss Adjustment Expenses											
As at March 31, 2020	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19	AY 20
End of First year	284	411	424	548	1,263	1,390	1,808	2,071	2,706	3,882	3,810
One year later	373	597	637	840	1,801	2,020	2,387	3,779	4,191	5,310	
Two years later	412	641	705	903	1,928	2,186	2,594	4,224	4,373		
Three years later	425	663	725	948	2,000	2,279	2,725	4,307			
Four years later	430	677	739	973	2,053	2,350	2,807				
Five years later	434	692	749	1,006	2,098	2,397					
Six years later	443	702	762	1,025	2,132						
Seven years later	446	713	771	1,071							
Eight years later	447	722	777								
Nine years later	449	726									
Ten years later	457										

(₹ in crore)

Gross Unpaid Losses and Loss Adjustment Expenses											
As at March 31, 2020	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19	AY 20
End of First year	167	331	346	516	915	1,246	1,115	2,936	2,910	3,167	4,426
One year later	70	137	210	264	522	527	593	1,009	1,141	1,641	
Two years later	31	106	128	146	366	349	517	649	911		
Three years later	28	90	56	168	289	359	395	553			
Four years later	24	77	62	107	309	286	312				
Five years later	24	75	57	138	272	224					
Six years later	18	66	48	125	243						
Seven years later	19	66	47	78							
Eight years later	19	55	41								
Nine years later	21	57									
Ten years later	13										

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. Sarla Verma (April 2009) Pranay Sethi (October 2017) etc. has been allowed for in the claims ultimate.

## 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 has ceded 5% of its business to General Insurance Corporation of India (GIC).

The Company had a successful reinsurance renewal for FY20. The Company experienced a few risk losses and a CAT loss on account of floods in Kerala in FY 19. The impact on net account was significantly reduced due to adequate reinsurance protection.

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

## Operations, Technology and Customer Experience Management

HDFC ERGO continues to be one of the largest General Insurance providers in India. With an aspiration and aim to become the preferred General Insurance provider in the country, HDFC ERGO is taking all the necessary steps to ensure the growing market share in the industry.

The situation arising from COVID-19 pandemic towards the end of the year, has thrown in many unexpected challenges and our teams have successfully implemented the business continuity plan to ensure the smooth processing of all important business operations.

### Key Initiatives:

With continuous exploration as the DNA of the organization to being future ready, the Company focussed on leveraging new age technologies to achieve key business objectives of providing superior customer experience and enhanced productivity. A host of technology driven projects were implemented in FY20 to further our vision of being a Digital First Insurance Company:

- Artificial Intelligence (AI) enabled Natural Language Processing (NLP) platform christened 'eRA' - our email automation platform to address customer requests in an automated fashion almost real time. The platform is able to address 24% of service requests with accuracy without any human intervention. We will continue to enhance the platform by training on additional scenarios to process the customer

servicing requirements in straight through mode by integrating with the IT eco-system.

- Implemented the concept of Bionic to enhance the sales function by introducing various improvisations in mobile enabled sales app (Ovalite) with respect to Agency Management, Business Review, Tracking, Lead Management and Enhanced engagement management.
- The Company introduced servicing through Whatsapp - a much awaited channel which takes customer servicing to a new level providing instantaneous resolutions. Equipped with process automation and a Chat Bot which uses the best-in-class NLP tools available in the market, it makes the servicing completely automated without a need for human intervention.

Customer Experience is riding on a new wave of Digital Servicing at HDFC ERGO and furthering our infrastructure that has been created over the last years to provide an easy, seamless and completely digital ecosystem. We are continually evaluating new journeys and re-imagining the existing ones to offer an unparalleled customer experience which is evidenced by the fact that our digital footprints are increasing manifold with a 100% growth in the online transactions over previous year.

Claims, being the moment of truth for our customers, we have stayed focussed on improving the user journey to ensure that Health claims become simple and hassle free. The Company has created a complete digital experience on its website from claim intimations to status updates and submission of supporting documents, completely eliminating the need to submit physical documents for claims. This also enhances the customer experience by retaining original medical records for future reference and continuity of treatment.

In line with the Health claims, Motor claims were made simpler by offering various modes of intimation over Integrated Voice Response (IVR), Website and Whatsapp, completely digital and instant.

The Company is also embracing new technologies to engage with customers through Automated Voice Calls for status updates, Whatsapp for sharing policy documents and pre-emptive servicing over IVR for status related to transactions.

The digital ecosystem has accelerated the growth of our Digital Business, both Direct as well as Partner Business.

- Digital Direct has increased its in-house capabilities by on-boarding SEO/SEM experts and UI/UX designers while also improving call center assistance efficiencies resulting in higher conversions.
- On Digital Partner front, while the major partners have continued to contribute to the major portion of the business, the wallet share in smaller partners has started increasing too. Many new partnerships have also been added; the number of partners increased from 61 in FY19 to 71 in FY20.

The Company's focus on employee engagement and learning was strengthened by launching a video platform which ensured that all the knowledge sharing sessions become location agnostic and are streamed live by which employees can have access at all the branches. The platform maintains the video library of all the knowledge sharing sessions with enhanced features to be able to view anytime anywhere using any device like laptop, desktops and/or handheld devices.

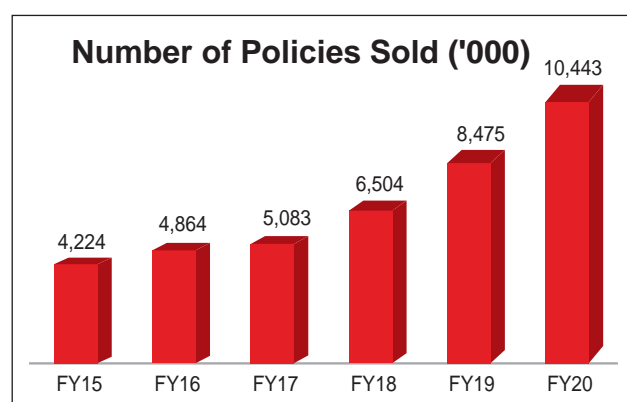
While we are going digital at a rapid pace, we do appreciate the associated risks and hence, the Company's belief and commitment in information and data security of its policyholders is based on Information Security Management and Cyber Security frameworks. The framework is built on strong foundation of robust policies, procedures with measures and controls across all departments and branch locations. The Company further strengthened its security architecture by various initiatives and reached to the cyber security maturity level of "Quantitatively Managed".

The lock down due to COVID 19 pandemic presented us with novel challenges and the teams together came stronger to ensure business continuity and Business-As-Usual environment. 'Work From Home (WFH)' enablement was done almost overnight with most employees across teams enabled with systems to provide continuity of operations. From Call Center team which was enabled to take calls from home to Sales function for lead management & renewal calling, and Operations to process policies remotely, teams presented innovative solutions to ensure continuity of business operations. We will continue to bring in new initiatives to improvise the overall functioning.

The Company will remain focused on exploration of new age Cognitive technologies including Speech Recognition, Robotics, Natural Language Processing and Generation

with advance analytics in various aspects to improve customer experience and operational efficiencies.

We understand that customers are now looking at hyper personalized and meaningful conversations across a variety of preferred platforms and being focused on digital gives us the opportunity to adapt to the new normal to make it a way of life.



The figures for FY20 are on merged basis.

### 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.

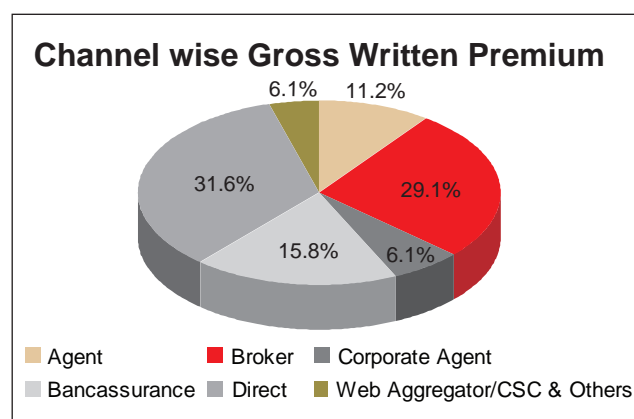
The retail business grew across geographies and across the Agency, MISP and Online channels. In line with the banking industry in general, our bank partners witnessed slow growth in their business this year. Therefore, the growth of our Bancassurance business was muted this year.

Consequent to the merger, the distribution network of the Company has strengthened, particularly in the agency channel. The Company has an agent network of 15,491 General Insurance Agents and 98,072 Health Insurance Agents, making it one of the largest networks in the General Insurance industry. Likewise, the Company has 56 Bank/ Corporate Agent partners for distributing General Insurance products and another 30 Bank/ Corporate Agent partners for distributing Health Insurance products.

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.



The merger has also enabled the Company access to the 194 branch offices of the Transferor Company. The Company has optimized its branch presence and now is present in 203 branch offices as compared to 129 branch offices prior to the merger.



### Human Resources (HR)

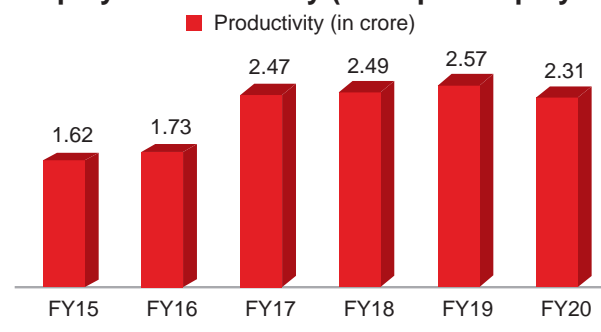
For the Company, employees remain critical to its success. To continue to enable the business growth, the Company increased its employee strength from 3,391 in FY19 to 3,899 in FY20 and 6868 for merged Company. The Company follows the principle of consistent and transparent HR practices with people at the center of all decision making.

The HR team continued its journey towards improving internal efficiencies and initiatives to foster happiness at work, hire the right talent, retain the best talent and integrate them seamlessly into the Company's fold and encourage employees through robust recognition and learning programs.

The Company continues to grow and focus on areas of digital solutions; HR innovation, business partnering and most importantly people connect. In order to ensure process efficiencies, the Company continued its efforts toward automation in areas of Talent Acquisition and TPV Management.

Subsequent to acquisition of HDFC ERGO Health Insurance Limited by HDFC Limited, a reputed HR consultant was appointed to advise the Company on the people / process integration and change management process.

### Employee Productivity (GWP per Employee)



The figures for FY20 are on merged basis.

### Risk Management

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

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

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

The Company's Investment Function is overseen by the Investment Committee constituted by the Board of Directors. The Board approved Investment Policy and the Investment 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 critical importance to Information and Cyber Security Risks. Accordingly, the Company has an Information Security and Business Continuity framework within the RMF that ensures all the information assets are adequately protected by instituting required controls. The controls are assessed periodically to determine the adequacy and effectiveness of the controls instituted.

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

The Internal Audit function is an independent function of the Company. Risk based audits of processes and branches are conducted as per Annual Audit Plan approved by the Audit and Compliance Committee (ACC). The planning and conduct of internal audits is focused towards assessing the existence and design of controls and to provide a reasonable assurance on the operating effectiveness of internal controls. Key observations arising out of audits conducted by Internal Audit are presented to the ACC on a quarterly basis. Significant findings are tracked and monitored to confirm implementation on remediation plans.

### Risk and Loss Mitigation

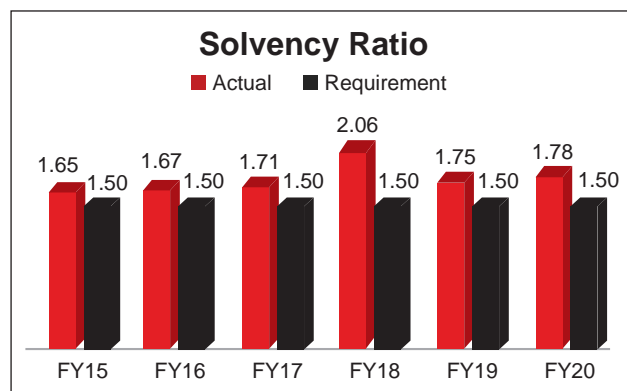
The Company has a dedicated Risk and Loss Mitigation Unit (RLMU) which implements the Fraud Management Framework of the Company. It primarily endeavours to take all the possible steps to prevent, detect and mitigate risks emanating from various types of frauds to the Company. It relies on various automated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

The department is ISO 9001:2015 certified.

### 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, 2020, the Company had a solvency ratio of 1.78 as against the minimum regulatory requirement of 1.50 [Available Solvency Margin (ASM) ₹ 3,105.66 crore and Required Solvency Margin (RSM) ₹ 1,742.96 crore].



The figures for FY20 are on merged basis.

### Future Outlook

While the industry has grown at a CAGR of 17% over the last 19 years, the insurance penetration as % of GDP as of 2019 was at 0.94%, which continues to be low vis-à-vis comparable economies. 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.

In the near term, the industry growth in FY21 is likely to be muted on account of the contraction of the domestic economy expected as a result of the lockdown in the first half of the year.

While the low levels of penetration shall continue to attract new entrants at one end, the recent regulatory changes are expected to nudge the insurers to make their processes and risk management frameworks more robust. The Company believes that, over the coming years, the growth potential of the domestic economy and recent regulatory changes 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](http://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 has a Sub-Committee of CSR (SC-CSR) comprising of the Senior Management team including Whole Time 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.

##### 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 which addresses the need for wholesome education in Rural India. 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 a registered and specialized

body for providing financial assistance for carrying out specific CSR initiatives subject to the condition that it fulfills the criteria as prescribed in the statute in this regard.

##### iii. Implementation Methodology

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

The details of major CSR initiatives undertaken by the Company during the financial year 2019-20 are given below:-

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

The focal area for the Company's CSR intervention is a dedicated "Adopt 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 four states of India namely Madhya Pradesh, Karnataka, Gujarat and Bihar. Under "Gaon Mera FY20", the Company adopted four villages namely Jamkhar, Jabalpur District in Madhya Pradesh, Domabaramattur, Haveri District in Karnataka, Mithivavdi, Patan District in Gujarat and Singachauri, Sitamadhi District in Bihar. 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 major part of the expenditures on these projects has been met from CSR spend of FY20 and balance shall be met from CSR spend of FY21.

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

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 project works towards sustainable development in core focus area of education in the selected village(s).

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

developing child-friendly, learning and fun based physical environment.

## 2. Composition of the CSR Committee

Mr. Ameet Hariani	- Independent Director - Chairman
Mr. Deepak S. Parekh	- Non - Executive Director
Mr. Mehernosh B. Kapadia	- Independent Director
Ms. Renu S. Karnad	- Non - Executive Director
Mr. Theodoros Kokkalas*	- Non - Executive Director
Dr. Oliver Martin Willmes*	- Non-Executive Director
Mr. Anuj Tyagi	- Executive Director & CBO

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

3. **Average net profit of the Company for last three financial years:** ₹ 362.30 crore

4. **Prescribed minimum CSR Expenditure (two percent of the amount as in item 3. above) :** ₹ 7.25 crore

5. **Details of CSR spent during the financial year:**

- Total CSR amount to be spent for the financial year: **₹ 7.25 crore**
- Amount spent during the year: **₹ 7.27 crore**
- 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 (₹ ) (During FY 20)	Cumulative expenditure up to the reporting period (₹ )	Amount spent: Direct or through implementing agency
1	Reconstruction project of Govt. School in 3 villages under Gaon Mera FY19 Projects	Overall development of Govt. school by reconstruction and enriching resources with focus on Education	Agraharam, Anantpur, Andhra Pradesh	10,796,101	Direct expenditure: 4,318,440 Overheads–Nil	10,796,101	Through implementing partner CAF-India.
2			Pandiya Pathar, Ganjam, Odhisa	11,433,911	Direct expenditure : 4,573,564 Overheads–Nil	11,433,911	
3			Tandia, Varanasi, Uttar Pradesh	9,935,540	Direct expenditure : 3,974,216 Overheads–Nil	9,935,540	
4			Sarsai, Kullu, Himachal Pradesh	4,124,821	Direct expenditure : 1,237,446 Overheads–Nil	3,712,339	
5	Reconstruction project of Govt. School in 4 villages under Gaon Mera FY20 Projects	Overall development of Govt. school by reconstruction and enriching resources with focus on Education	Jamkhar, Jabalpur, Madhya Pradesh	7,360,000	Direct expenditure: 6,624,000 Overheads–Nil	6,624,000	Through implementing partner CAF-India.
6			Domabaramattur, Haveri Karnataka	10,284,836	Direct expenditure: 9,256,353 Overheads–Nil	9,256,353	Through implementing partner Yuva Unstoppable
7			Mithivavdi, Patan, Gujarat	8,388,594	Direct expenditure: 7,307,790 Overheads–Nil	7,307,790	
8			Singachauri, Sitamarhi, Bihar	12,036,747	Direct expenditure: 3,611,025 Overheads–Nil	3,611,025	
9	Supply of free Sanitary Napkins to 10,000 Girl child in rural/ semi-urban areas	Health care	PAN India	5,000,000	Direct expenditure: 5,000,000 Overheads–Nil	5,000,000	Through CSC Academy
10	Cataract surgery for needy (Rastriya Netra Yagna)	Health care	PAN India	5,000,000	Direct expenditure: 5,000,000 Overheads–Nil	5,000,000	Through Vision Foundation of India

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 (₹ ) (During FY 20)	Cumulative expenditure up to the reporting period (₹ )	Amount spent: Direct or through implementing agency
11	Provided nutrient quality meals to underprivileged students/ children	Education	Mumbai, Maharashtra	500,000	Direct expenditure: 500,000 Overheads- Nil	500,000	Through Cosmic Divine Society
12	Sponsoring education of 15 Girl Children	Education	Bangalore, Karnataka	150,000	Direct expenditure: 150,000 Overheads- Nil	150,000	Ved Vignan Maha Vidya Peeth
13	Utensils/Vessels Kit distributed for flood relief	Flood relief	4 villages of Sangli District, Maharashtra	731,280	Direct expenditure: 731,280 Overheads- Nil	731,280	Direct
14	Financial assistance and extending co-guardianship to special adults of ADHAR	Health care	PAN India	1,980,000	Direct expenditure: 1,980,000 Overheads- Nil	1,980,000	Through Association of Parents of Mentally Retarded Children, Mumbai (ADHAR)
15	Financial assistance and extending support for providing scholarship to Girl Child	Education	3 Districts namely Wardha, Amravati and Nagpur in Maharashtra	5,207,250	Direct expenditure: 1,735,750 Overheads- Nil	1,735,750	Through Lila Poonawalla Foundation
16	Support in Project Save Little Hearts	Health care	PAN India	3,360,000	Direct expenditure: 3,360,000 Overheads- Nil	3,360,000	Through Genesis Foundation
17	Provided support for Cochlear Implant treatment and Bone Marrow Transplant to economically challenged kids for medical procedures at SRCC Children's Hospital	Health care	9 Districts in Maharashtra	2,000,000	Direct expenditure: 2,000,000 Overheads- Nil	2,000,000	Through The Society for the Rehabilitation of Crippled Children (SRCC)
18	Provided support to poor children undergoing cancer treatment	Health care	Andhra Pradesh and Tamil Nadu	2,000,000	Direct expenditure: 2,000,000 Overheads- Nil	2,000,000	Through Ray of Light Foundation
19	COVID-19 Support-Purchase of 20000 bottles of 500ml Sanitizer for Mumbai Police	Health care	Mumbai, Maharashtra	2,160,000	Direct expenditure: 2,160,000 Overheads- Nil	2,160,000	Direct
20	COVID-19 Support-Purchase of 44505 cotton mask for Mumbai Police	Health care	Mumbai, Maharashtra	890,099	Direct expenditure: 890,099 Overheads- Nil	890,099	Direct
21	COVID-19 Support-Purchase of 5000 face mask N95 for BMC run Nair Hospital and Kasturba Hospital	Health care	Mumbai, Maharashtra	1,165,500	Direct expenditure: 1,165,500 Overheads- Nil	1,165,500	Direct
22	COVID-19 Support - 9 ventilators to hospitals through Narayana Hrudalaya Charitable Trust	Health care	New Delhi	5,040,000	Direct expenditure: 5,040,000 Overheads- Nil	5,040,000	Through Narayana Hrudalaya Charitable Trust
22	Other Expenditure – Workshop/ Printing	Others	Mumbai, Maharashtra	54,000	Direct expenditure: 54,000 Overheads- Nil	54,000	Direct
<b>TOTAL – CSR spend-FY20</b>					<b>72,669,463</b>		



As against required CSR spend of ₹ 72,460,377 during FY 2019-20, the Company spent ₹ 72,669,463 which has been fully disbursed.

In respect of four Government school reconstruction project, the total estimated outlay is ₹ 38,070,177 out of which ₹ 26,799,168 has been disbursed and considered as CSR spend of FY20. The balance amount will be spent and disbursed in FY21 as part of CSR spend of FY21.

**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 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 has an impeccable record of serving large multinationals, Public Sector

Undertakings, Indian commercial giants by delivering their CSR commitments successfully.

**Note 2: Yuva Unstoppable** is a not for profit registered organization with an aim to make a difference in the lives of children at the bottom of the pyramid. Yuva Unstoppable was set up twenty years back and that's when Yuva began to take shape as a group of zealous individuals with the passion to spread kindness. Co-founded by Amitabh Shah in 2005, it has to date mobilized over 1.5 Lac youth ambassadors, change makers, and smaratarian volunteers to impact over 6 lac children across 1500 government schools in about 14 states of the country.

The model of action of Yuva Unstoppable is based on inspiration. Yuva Unstoppable are working with 100 top corporate partners and inspire children for greatness, a pursuit of happiness, and awareness in the smallest of things. Yuva Unstoppable rely on the strength of its volunteers and the power of youth to create a systematic and organic chain reaction to effect positive change in the society.

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**  
(Non Executive Director)  
(DIN: 07505313)

**Ameet P. Hariani**  
(Chairman - CSR Committee)  
(DIN: 00087866)

#### Note

The CSR spend of ₹ 2,300,000 by the Transferor Company between March 1, 2020 to March 31, 2020 is not considered for reporting in the aforesaid report.

## Secretarial Audit Report for the Financial Year Ended 31st March, 2020

*[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, 2020** 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 31<sup>st</sup> March, 2020 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. 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 well 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 undertaken following events / actions:

- i. The Board of Directors of the Company at their meeting held on June 19, 2019 has approved the matters relating to Share purchase agreement by and amongst the Company, Housing Development Finance Corporation Limited (HDFC Limited), Apollo

Munich Health Insurance Company Limited (AMHI), Apollo Hospitals Enterprise Limited, Apollo Energy Company Limited, Munich Health Holding AG and subscribers to the Memorandum of Association of AMHI in connection with the acquisition of upto 51.2% of issued and paid up share capital of AMHI by HDFC Limited and subsequent merger of AMHI with the Company, subject to receipt of regulatory approvals.

- ii. The Board of Directors of the Company at its meeting held on January 15, 2020, has approved Scheme of Arrangement and Amalgamation for merger of HDFC ERGO Health Insurance Limited (formally known as Apollo Munich Health Insurance Company Limited) with the Company pursuant to Sections 230 to 232 of the Companies Act, 2013 and the rules framed thereunder. The Company Scheme Application has been filed by the Company with the Hon'ble National Company Law Tribunal, Mumbai Bench on February 17, 2020 for its approval.

**For Bhandari & Associates**

Company Secretaries  
Sd/-

**S. N. Bhandari**

Partner

FCS No: 761; C P No.: 366  
ICSI UDIN: F000761B000213930

Mumbai  
May 8, 2020

*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, 2020 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

Sd/-

**S. N. Bhandari**

Partner

FCS No: 761; C P No.: 366

ICSI UDIN: F000761B000213930

Mumbai  
May 8, 2020

## Independent Auditors' Report

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

#### Report on the audit of the Standalone Financial Statements Opinion

We have audited the standalone financial statements of **HDFC ERGO GENERAL INSURANCE COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account for the year ended March 31, 2020 and summary of the significant accounting policies and other explanatory information.

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2020;
- (b) in the case of the Revenue Accounts, of the operating profit in so far as it relates to the Miscellaneous Revenue Account and the operating loss in so far as it relates to the Fire Revenue Account and the Marine Revenue Account for the year ended March 31, 2020;
- (c) in the case of the Profit and Loss Account, of the profit for the year ended on March 31, 2020; and
- (d) in the case of the Receipts and Payments Account, of the receipts and payments for the year ended on March 31, 2020

The Board of Directors of the Company in their meeting held on May 08, 2020 had approved a set of financial statements (previous financial statements) and we had issued our report thereon including report on the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls dated May 08, 2020 and separate certificate dated May 08, 2020 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDA Financial Statements Regulations thereon under our UDIN 20044784AAAAAL7995 and 20048243AAAACC7677 respectively. At that point of time, the Scheme of Amalgamation (the Scheme) whereby HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) was getting amalgamated with the Company with effect from March 01, 2020 was pending for approval from National Company Law Tribunal, Mumbai Bench ("the NCLT") and Insurance Regulatory and Development Authority of India ("the IRDAI"). The above Scheme has received requisite approval and has come into force on November 13, 2020. Since the previous financial statements were not approved by the shareholders of the Company, the Board of Directors at their meeting held on November 13, 2020 has made necessary changes to give effect to the Scheme in the previous financial statements and has approved the attached financial statements. We have been called upon to issue our Audit Report on such financial statements, a report on the effectiveness of internal control with reference to financial statements and also separate certificate on matters specified in paragraphs 3 and 4 of Schedule C to the IRDA Financial Statements Regulations.

#### Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (the "SAs") specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the



## Independent Auditors' Report (Continued)

Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the Insurance Act, the IRDA Act, the Regulations, the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw your attention to the note no. 37 to the standalone financial statements in connection with the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) and lock-down announced by the Central Government on the business operations of

the Company. The management assessment includes but is not limited to valuation of investments, valuation of policy-related liabilities and solvency position of the Company. The management continues to closely monitor the implications of Covid-19 on its operations and financial statements. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

Key Audit Matter Description:-	How the scope of our audit responded the key audit matter: -
<b>1) Valuation of Investments:</b> <ul style="list-style-type: none"> <li>The carrying value of Investments amounting to ₹ 135,768,828 ('000) (Policy holders and Shareholders) represent 79.58% of total assets as disclosed in the financial statement.</li> <li>Due to the regulatory prescriptions applicable to recognition, measurement and disclosure of Investments and the assumptions used in the valuation of Investments, (Note 10 to these financial statements) we considered this as a key audit matter.</li> <li>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.</li> <li>The Company has inter alia a policy framework for Valuation and impairment of Investments</li> <li>The valuation of unquoted investments and thinly traded investments continues to be an area of inherent risk because of market volatility, unavailability of reliable prices and macroeconomic uncertainty.</li> <li>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 judgement.</li> </ul>	<ul style="list-style-type: none"> <li>To ensure that the impairment provision considered in the financial statements is adequate, we performed the following procedures:</li> <li>Tested the management oversight and controls over valuation of investments.</li> <li>Independently test-checked valuation of unquoted investments, on a sample basis,</li> <li>Reviewed and assessed the adequacy with respect to management assessment of impairment charge on investments outstanding at the year end. Reviewed the Fair Value Change Account for specific investments.</li> <li>Reviewed the basis of provisions accounted in respect of non-performing investments and ensured that the provision meets the IRDAI guidelines</li> <li>Reviewed the compliance with the IRDAI guidelines on recording of Income on non performing investments</li> <li>Accordingly based on our audit procedures, we noted no reportable matters regarding investments and its valuation.</li> </ul>

## Independent Auditors' Report (Continued)

<b>2) Provision for bad &amp; doubtful debts relating to receivables from other insurance companies (Including Government Receivables), outstanding premium and agent balances:</b>	<ul style="list-style-type: none"> <li>• “Dues from Other entities carrying on insurance business” is ₹ 1,416,200 ('000) as at the year end. During the year the Company has written off ₹ 13,607 ('000) net of reversals of ₹ 30,108 ('000) of earlier years, being amounts due from other insurance companies. These amounts have been accounted under Profit and Loss Account.</li> <li>• “Outstanding premium” amounting to ₹ 14,497,129 ('000) (schedule 12) includes premium due from Central Government, State Government and others. This amount includes outstanding premium accounted in accordance with IRDAI Circular No. IRDAI/NL/CIR/MOT/079/04/2020 dated April 2, 2020 (further clarified by IRDAI circular No. IRDAI/NL/CIR/MOT/081/04/2020 dated April 3, 2020) on the Motor third party liability of ₹ 421,257 ('000) [Refer Note 37 (b) of financial statements]</li> <li>• Outstanding “Agent balances” as at the year end amounted to ₹ 6,229 ('000).</li> <li>• Due to the significance of the amount and judgement involved in assessing the recoverability of dues, this has been considered as key audit matter.</li> </ul> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Our audit procedure included the following:</li> <li>• Evaluation and testing of controls over the recording, monitoring and ageing of outstanding premium, dues from other insurance companies.</li> <li>• Evaluating the adequacy of the process of reconciliation followed by the Company with respect to amounts due from other insurance Companies.</li> <li>• Sending out direct confirmations of balances to select parties on a test check basis as required under “SA 505-External Confirmations”.</li> <li>• 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.</li> <li>• Reviewed the accounting entries recorded for policy holders whose motor vehicle third party insurance policies fall due for renewal during the period on and from the March 25, 2020 upto March 31, 2020 to ensure that the premium has been considered for motor vehicle third party insurance policies as per the IRDAI guidance.</li> <li>• Accordingly, based on our audit procedures, we noted no reportable matter.</li> </ul>
<b>3) Provisions and contingent liabilities:</b>	<ul style="list-style-type: none"> <li>• As of March 31, 2020, the Company has disclosed pending litigations arising out of matters relating to Service Tax contingent liabilities of ₹ 270,442 ('000) and Claims, other than those under policies, not acknowledged as debts as ₹ 1,682 ('000) (Refer Note No. 4 of the financial statement). In addition the Company has pending litigations arising out of matters relating to Service Tax ₹ 1,742,305 ('000)</li> <li>• 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.</li> <li>• Due to the level of judgement relating to recognition, valuation and presentation of provisions and contingent liabilities, this is considered to be a key audit matter.</li> </ul> <ul style="list-style-type: none"> <li>• As part of our audit procedures, we have assessed management's processes to identify new possible obligations and changes in existing obligations for compliance with the requirements of Accounting Standard 29 – Provisions, Contingent Liabilities and Contingent Assets.</li> <li>• The audit procedures performed by us included the following:</li> <li>• 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</li> <li>• Wherever the company had obtained external legal advice, the same were reviewed to gain an understanding of the management's view on the matters.</li> <li>• Used internal tax experts to gain an understanding of these disputes and also obtained their views on the possible outcome based on facts and current circumstances</li> <li>• Obtained legal representation letters on the material outstanding legal cases.</li> <li>• Reviewed minutes of board meetings, including the sub-committees.</li> <li>• Based on the audit evidence obtained, while noting the inherent uncertainty with such legal, regulatory and tax matters, we determined the level of provisioning and disclosure of contingent liabilities as at March 31, 2020 to be appropriate.</li> </ul>

## Independent Auditors' Report (Continued)

4) Scheme of Amalgamation:	
<ul style="list-style-type: none"> <li>During the year, a Scheme of Amalgamation was approved between the company and its fellow subsidiary Company, HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) whereby, the Company has proposed to merge HDFC ERGO Health Insurance Limited with Company from the Appointed Date i.e. March 1, 2020. Accounting treatment is provided by the management for transferring of assets and liabilities of HDFC ERGO Health Insurance Limited to the Company and accordingly the impact is given in the financial statement for year ended on March 31, 2020. Thus, it is considered to be a key audit matter, as this is a significant event during the year, involving specific accounting treatment, in compliance with the Scheme and applicable Accounting Standards.</li> </ul>	<ul style="list-style-type: none"> <li>Our audit procedures include obtaining an understanding of the transaction. We have read the approved Scheme of Amalgamation and identified pertinent terms relevant to the accounting for the transaction. We assessed the Company's conclusion on amalgamation accounting of the transaction under "The Pooling of Interests Method" in accordance with paragraph 10 of Accounting Standard 14: Accounting for Amalgamations.</li> <li>This conclusion included the transfer of assets and liabilities at book values to the Company and impact in reserves and surplus for difference between the consideration paid and book value of net assets transferred to the Company.</li> <li>In determining accuracy and completeness of the treatment of the amalgamation we tested the following: the arithmetic accuracy of management's calculations for giving effect of the scheme in standalone financial statements, the impact of uniformity of accounting policies of Transferor Company with those of the Transferee Company, the adjustment given in the reserves and surplus for net assets transferred to the Company, elimination of inter-company transactions between both the entities.</li> </ul>

### Other Matter

The actuarial valuation of the outstanding claims Incurred but Not Reported (IBNR) and Premium Deficiency Reserve (the "PDR") that are estimated using statistical methods, PDR and IBNR reserve, as at March 31, 2020 have been duly certified by the Appointed Actuary and in his opinion, the norms and assumptions for such Valuation are in accordance with the guidelines issued by the Insurance Regulatory and Development Authority of India ("IRDAI"/ "Authority") and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for outstanding claims reserves and PDR contained in the standalone financial statements of the Company.

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, and receipts and payments of the Company in accordance with the requirements of the Insurance Act 1938, as amended

## Independent Auditors' Report (Continued)

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's responsibilities for the audit of the Standalone Financial Statements

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

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the SAs, we exercise professional judgement 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 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

## Independent Auditors' Report (Continued)

disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### Report on other legal and regulatory requirements

1. As required by IRDA Financial Statements Regulations, we have issued a separate certificate dated May 08, 2020 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 1 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



## Independent Auditors' Report (Continued)

- Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders/directions issued by the IRDAI in this behalf;
- h) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Revenue Account, the Profit and Loss Account and the Receipts and Payments Account dealt with by this report comply with the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders/directions issued by IRDAI in this regard; and
- i) On the basis of the written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164 (2) of the Act.
- j) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- k) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 4 to the financial statements;
  - 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.
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Chartered Accountants  
Firm's Registration No.: 105102W

**Padmini Khare Kaicker**

Partner  
Membership No.: 044784  
UDIN No.: 20044784AAAADQ4753

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

Chartered Accountants  
Firm's Registration No.: 104767W

**Rajen Ashar**

Partner  
Membership No. 048243  
UDIN No.: 20048243AAAANKI4474

Mumbai,  
November 13, 2020

## Annexure A to Independent Auditors' Report

Referred to in paragraph 2(j) of the Independent Auditors' Report of even date to the members of HDFC ERGO General Insurance Company Limited on the standalone financial statements for the year ended March 31, 2020.

### 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** ("the Company") as of March 31, 2020 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 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

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

reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the standalone financial statements.

### Inherent Limitations of Internal Financial Controls with reference to financial statements

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, 2020, based on the internal control over financial reporting criteria established by the

Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

The actuarial valuation of the outstanding claims Incurred but Not Reported (IBNR) and Premium Deficiency Reserve (the “PDR”) that are estimated using statistical methods, PDR and IBNR reserve, as at March 31, 2020 have been duly certified by the Appointed Actuary and in his opinion, the norms and assumptions for such Valuation are in accordance with the guidelines issued by the Insurance Regulatory and Development Authority of India (“IRDAI”/ “Authority”) and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary’s certificate in this regard for forming our opinion on the valuation of liabilities for outstanding claims reserves and PDR contained in the standalone financial statements of the Company.

#### For B. K. KHARE & CO.

Chartered Accountants  
Firm’s Registration No.: 105102W

#### Padmini Khare Kaicker

Partner  
Membership No.: 044784  
UDIN No.: 20044784AAAADQ4753

#### For G. M. KAPADIA & CO.

Chartered Accountants  
Firm’s Registration No.: 104767W

#### Rajen Ashar

Partner  
Membership No. 048243  
UDIN No.: 20048243AAAAKI4474

Mumbai,  
November 13, 2020

## Independent Auditors' Certificate

### TO THE MEMBERS OF HDFC ERGO GENERAL INSURANCE COMPANY LIMITED

(Referred to in paragraph 1 of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditors' Report dated November 13, 2020)

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

#### Management's Responsibility

2. The Company's Management is responsible for complying with the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the IRDA Financial Statements Regulations, orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI") which includes the preparation of the Management Report. This responsibility includes collecting, collating and validating data and designing, implementing and monitoring of internal controls suitable for ensuring the aforesaid and applying an appropriate basis of preparation and making estimates and judgments that are reasonable in the circumstances.

#### Independent Auditor's Responsibility

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

#### Opinion

5. In accordance with the information and explanations and representations given to us and to the best of our knowledge and belief and based on our examination, of the books of account and other records maintained by the Company for the year ended March 31, 2020, we certify that:
  - a) We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2020, and on the basis of our review, there is no apparent mistake or material inconsistencies with the financial statements;
  - b) Based on the Management representations and compliance certificates submitted to the Board of Directors by the officers of the Company charged with compliance and the same being noted by the Board, we certify that the Company has complied with the terms and conditions of registration stipulated by the IRDAI;
  - c) We have verified the cash balances and securities relating to the Company's loans and investments as at March 31, 2020, on the basis of certificates/confirmations received from the concerned branches, HO personnel of the Company, Custodian and / or Depository Participants appointed by the Company, as the case may be.

- d) The Company is not a trustee of any trust; and
- e) No part of the assets of the Policyholders' Funds has been directly or indirectly applied in contravention to the provisions of the Insurance Act, relating to the application and investments of the Policyholders' Funds.

**Restriction on Use**

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

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

Chartered Accountants

Firm's Registration No.: 105102W

**Padmini Khare Kaicker**

Partner

Membership No.: 044784

UDIN No.: 20044784AAAADQ4753

Mumbai,

November 13, 2020

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

Chartered Accountants

Firm's Registration No.: 104767W

**Rajen Ashar**

Partner

Membership No. 048243

UDIN No.: 20048243AAAAKI4474





# FORM B - BS

IRDAI Registration No: 146

Date of Registration with the IRDAI: July 09, 2010

## Balance Sheet as at March 31, 2020

Particulars	Schedule	As at March 31, 2020 (₹ '000)	As at March 31, 2019 (₹ '000)
<b>SOURCES OF FUNDS</b>			
SHARE CAPITAL	5	6,058,421	6,054,221
SHARE CAPITAL SUSPENSE (Refer Note 3A of Schedule 16)		1,053,689	—
RESERVES AND SURPLUS	6	21,319,914	13,769,664
FAIR VALUE CHANGE ACCOUNT - SHAREHOLDERS		(110,020)	(57,263)
FAIR VALUE CHANGE ACCOUNT - POLICYHOLDERS		(645,147)	(217,528)
BORROWINGS	7	5,040,000	3,500,000
DEFERRED TAX LIABILITY		—	—
<b>TOTAL</b>		<b>32,716,857</b>	<b>23,049,094</b>
<b>APPLICATION OF FUNDS</b>			
INVESTMENTS - SHAREHOLDERS	8	19,780,184	18,971,760
INVESTMENTS - POLICYHOLDERS	8A	115,988,644	72,068,296
LOANS	9	—	—
FIXED ASSETS	10	2,824,353	2,135,050
DEFERRED TAX ASSET (Refer Note 15 of Schedule 16)		726,276	517,639
CURRENT ASSETS			
Cash and Bank Balances	11	7,821,307	3,731,865
Advances and Other Assets	12	23,462,687	17,864,854
Sub-Total (A)		31,283,994	21,596,719
CURRENT LIABILITIES	13	95,494,980	63,751,549
PROVISIONS	14	42,391,614	28,488,821
Sub-Total (B)		137,886,594	92,240,370
<b>NET CURRENT ASSETS/(LIABILITIES) (C) = (A-B)</b>		<b>(106,602,600)</b>	<b>(70,643,651)</b>
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	—	—
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		—	—
<b>TOTAL</b>		<b>32,716,857</b>	<b>23,049,094</b>
<b>NOTES TO ACCOUNTS</b>	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

**Padmini Khare Kaicker**  
Partner  
Membership No.: 044784

**Rajen Ashar**  
Partner  
Membership No.: 048243

For and on behalf of the Board of Directors

**Keki M. Mistry**  
Director  
(DIN: 00008886)

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

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

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

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

Mumbai,  
Dated: November 13, 2020

**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, 2020**

Particulars	Schedule	For the year ended March 31, 2020 (₹ '000)	For the year ended March 31, 2019 (₹ '000)
<b>OPERATING PROFIT/(LOSS)</b>			
Fire Insurance		(508,217)	333,361
Marine Insurance		(190,496)	(230,527)
Miscellaneous Insurance		<u>4,667,652</u>	<u>4,836,224</u>
		<u>3,968,939</u>	<u>4,939,058</u>
<b>INCOME FROM INVESTMENTS</b>			
Interest, Dividend and Rent – Gross (Refer Note 38 of Schedule 16)		1,339,648	1,379,320
Profit on sale of investments		123,953	158,642
Less: Loss on sale of investments		—	—
		<u>1,463,601</u>	<u>1,537,962</u>
<b>OTHER INCOME</b>			
Others (Refer Note 34 of Schedule 16)		—	175,000
<b>TOTAL (A)</b>		<u>5,432,540</u>	<u>6,652,020</u>
<b>PROVISIONS (OTHER THAN TAXATION)</b>			
For diminution in the value of investments (Refer Note 10 of Schedule 16)		116,600	1,578,181
For doubtful debts		<u>(27,608)</u>	<u>7,038</u>
		<u>88,992</u>	<u>1,585,219</u>
<b>OTHER EXPENSES</b>			
Expenses other than those related to insurance business			
Employees' related remuneration and welfare benefits (Refer Note 11 of Schedule 16)		91,467	83,351
Corporate Social Responsibility Expenses (Refer Note 29 of Schedule 16)		74,969	40,901
Bad debts written off		43,715	—
Remuneration to directors and others		4,000	3,752
Bad & Doubtful Investments written off (Refer Note 10 of Schedule 16)		100,000	—
Amalgamation Expenses		161,443	—
Interest on Debentures		278,305	266,000
Penalty (Refer Note 32 of Schedule 16)		—	500
<b>TOTAL (B)</b>		<u>842,891</u>	<u>1,979,723</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<u>4,589,649</u>	<u>4,672,297</u>
Provision for Taxation			
- Current Tax		1,094,782	1,396,384
- Deferred Tax (Refer Note 15 of Schedule 16)		(58,832)	(553,964)
MAT Credit Written Off (Refer Note 15 of Schedule 16)		<u>284,281</u>	<u>—</u>
<b>PROFIT/(LOSS) AFTER TAX</b>		<u>3,269,418</u>	<u>3,829,877</u>
<b>APPROPRIATIONS</b>			
Interim Dividends paid during the year (Refer Note 36 of Schedule 16)		—	1,362,200
Proposed final Dividend		—	—
Dividend Distribution tax (Refer Note 36 of Schedule 16)		—	280,004
Transfer to any Reserves or Other Accounts		—	—
Transfer to Debenture Redemption Reserve (Refer Note 33 of Schedule 16)		24,300	97,200
Transfer to Contingency Reserve for Unexpired Risks		—	—
Balance of Profit/(Loss) brought forward from previous year		<u>5,074,847</u>	<u>2,984,374</u>
<b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>		<u>8,319,965</u>	<u>5,074,847</u>
<b>EARNINGS PER SHARE (Basic) (in ₹)</b>		<u>5.32</u>	<u>6.33</u>
<b>EARNINGS PER SHARE (Diluted) (in ₹)</b>		<u>5.30</u>	<u>6.31</u>

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

**NOTES TO ACCOUNTS**

16

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

Signatures to the Profit and Loss Account and Schedules 1 to 16

In terms of our report attached

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

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

**Padmini Khare Kaicker**  
Partner  
Membership No.: 044784

**Rajen Ashar**  
Partner  
Membership No.: 048243

For and on behalf of the Board of Directors

**Keki M. Mistry**  
Director  
(DIN: 00008886)

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

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

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

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

Mumbai,  
Dated: November 13, 2020

IRDAI Registration No: 146

Date of Registration with the IRDAI: July 09, 2010

## Receipts and Payments Account for the year ended March 31, 2020

Particulars	Schedule	For the year ended March 31, 2020 (₹ '000)	For the year ended March 31, 2019 (₹ '000)
<b>Cash flows from operating activities</b>			
Premium received from policyholders, including advance receipts		115,667,641	98,660,011
Payments to re-insurers, net of commission and claims		(13,100,046)	(13,630,289)
Payments to co-insurers, net of claims recovery		199,385	(119,448)
Payments of claims		(45,893,023)	(52,233,363)
Payments of commission and brokerage		(8,837,357)	(7,223,621)
Payments of other operating expenses		(18,504,027)	(12,772,397)
Corporate Social Responsibility (CSR) expenses		(74,969)	(40,901)
Deposits, advances and staff loans		(210,729)	86,013
Income taxes paid (Net)		(1,176,873)	(1,419,294)
GST paid		(6,567,132)	(4,602,949)
<b>Net cash flow from operating activities (A)</b>		<b>21,502,870</b>	<b>6,703,762</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(696,559)	(385,842)
Proceeds from sale of fixed assets		10,881	8,287
Purchase of investments		(79,403,228)	(49,557,374)
Sale of investments		58,505,222	36,530,173
Rent/Interest/Dividend received		7,823,847	5,981,606
Investments in money market instruments and in liquid mutual funds (Net)		(3,809,069)	2,173,603
<b>Net cash used in investing activities (B)</b>		<b>(17,568,906)</b>	<b>(5,249,547)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of share capital and share premium		41,465	25,094
Proceeds from borrowing		—	—
Repayments of borrowing		—	—
Interest Paid		(268,980)	(266,000)
Dividend paid (Including dividend distribution tax)		—	(1,642,204)
<b>Net cash flow from financing activities (C)</b>		<b>(227,515)</b>	<b>(1,883,110)</b>
<b>Effect of foreign exchange rates on cash and cash equivalents (Net) (D)</b>		<b>234</b>	<b>—</b>
<b>Net increase in cash and cash equivalents (A + B + C + D)</b>		<b>3,706,683</b>	<b>(428,895)</b>
Cash and cash equivalents at the beginning of the year		3,661,455	4,090,350
Cash and cash equivalents on Merger		395,926	—
Cash and cash equivalents at the end of the year		7,764,064	3,661,455
<b>Net increase in cash and cash equivalents</b>		<b>3,706,683</b>	<b>(428,895)</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>			
Cash and Bank balances		7,821,308	3,731,865
Less: Deposit Accounts not considered as Cash and cash equivalents as defined in AS-3 "Cash Flow Statements"		(57,244)	(70,410)
<b>Cash and cash equivalents at the end of the year</b>		<b>7,764,064</b>	<b>3,661,455</b>

### 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.**  
Chartered Accountants  
Firm Registration No.: 104767W

**Padmini Khare Kaicker**  
Partner  
Membership No.: 044784

**Rajen Ashar**  
Partner  
Membership No.: 048243

For and on behalf of the Board of Directors

**Keki M. Mistry**  
Director  
(DIN: 00008886)

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

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

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

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

Mumbai,  
Dated: November 13, 2020

**FORM B - RA**

IRDAI Registration No: 146

Date of Registration with the IRDAI: July 09, 2010

**Revenue Accounts for the year ended March 31, 2020**

Particulars	Schedule	FIRE INSURANCE		MARINE INSURANCE		MISCELLANEOUS INSURANCE		TOTAL	
		For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
1	Premiums Earned (Net) (Refer Note 37(b) of Schedule 16)	1,459,430	991,370	721,251	603,252	42,322,834	36,505,485	44,503,515	38,100,107
2	Profit/Loss on Sale/Redemption of Investments (Net)	29,659	29,234	5,832	6,776	612,505	542,989	647,996	578,999
3	Others:								
	Investment Income from Terrorism Pool	30,188	44,972	—	—	—	—	30,188	44,972
	Miscellaneous Income/Liabilities written back	1,487	1,522	752	950	46,238	57,515	48,477	59,987
4	Interest, Dividend and Rent – Gross (Refer Note 38 of Schedule 16)	305,323	254,179	60,035	58,917	6,305,301	4,721,052	6,670,659	5,034,147
	<b>TOTAL (A)</b>	<b>1,826,087</b>	<b>1,321,277</b>	<b>787,870</b>	<b>669,895</b>	<b>49,286,878</b>	<b>41,827,040</b>	<b>51,900,835</b>	<b>43,818,212</b>
1	Claims Incurred (Net) (Refer Note 37(b) of Schedule 16)	1,021,393	528,742	589,499	562,260	33,630,295	28,000,813	35,241,187	29,091,815
2	Commission (Net)	(292,128)	(549,837)	95,319	91,924	(1,922,231)	(1,068,042)	(2,119,040)	(1,525,955)
3	Operating Expenses Related to Insurance Business	1,605,039	1,009,011	293,548	246,238	12,911,162	10,058,045	14,809,749	11,313,294
4	Premium Deficiency (Refer Note 27 of Schedule 16)	—	—	—	—	—	—	—	—
	<b>TOTAL (B)</b>	<b>2,334,304</b>	<b>987,916</b>	<b>978,366</b>	<b>900,422</b>	<b>44,619,226</b>	<b>36,990,816</b>	<b>47,931,896</b>	<b>38,879,154</b>
	<b>Operating Profit/(Loss) (A-B)</b>	<b>(508,217)</b>	<b>333,361</b>	<b>(190,496)</b>	<b>(230,527)</b>	<b>4,667,652</b>	<b>4,836,224</b>	<b>3,968,939</b>	<b>4,939,058</b>
	<b>APPROPRIATIONS</b>								
	Transfer to Shareholders' Account	(508,217)	333,361	(190,496)	(230,527)	4,667,652	4,836,224	3,968,939	4,939,058
	Transfer to Catastrophe Reserve	—	—	—	—	—	—	—	—
	Transfer to Other Reserves	—	—	—	—	—	—	—	—
	<b>TOTAL (C)</b>	<b>(508,217)</b>	<b>333,361</b>	<b>(190,496)</b>	<b>(230,527)</b>	<b>4,667,652</b>	<b>4,836,224</b>	<b>3,968,939</b>	<b>4,939,058</b>

16

**NOTES TO ACCOUNTS**

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

Signatures to the Revenue Account and Schedules 1 to 16

In terms of our report attached

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

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

**Rajen Ashar**  
Partner  
Membership No.: 048243

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

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

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

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

**Keki M. Mistry**  
Director  
(DIN: 00008886)

For and on behalf of the Board of Directors

Mumbai,  
Dated: November 13, 2020

Annexed to and forming part of the Revenue Accounts

* Miscellaneous Premium Breakup for the year ended March 31, 2020															₹ '000	
Particulars	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		Others
Premium from direct business written-net of GST	15,702,268	18,178,476	33,880,744	200,988	36,112	3,994	1,910,877	127,401	6,578,533	16,031,212	807,010	11,731	1,530,512	21,631,396	1,907,156	84,657,366
Add: Premium on Re-insurance accepted	-	-	-	-	3,389	708	87,961	-	14,039	-	42,137	-	162,071	-	535	310,940
Less: Premium on Re-insurance ceded	(3,194,070)	(5,676,132)	(8,870,202)	(13,647)	(22,181)	(1,445)	(1,346,224)	(124,003)	(2,196,287)	(6,440,764)	(509,160)	(3,444)	(1,060,868)	(17,829,996)	(864,501)	(39,284,722)
Net Premium	12,508,198	12,502,344	25,010,542	187,341	17,320	3,257	650,614	3,098	4,396,285	9,590,448	339,987	8,287	631,715	3,801,400	1,043,190	45,663,484
Add/(Less) : Adjustment for changes in reserve for unexpired risks	188,213	(97,979)	(791,566)	(6,356)	(17)	624	(140,443)	229	(194,452)	(1,896,880)	(5,603)	9,003	(77,874)	(18,300)	(239,015)	(3,360,650)
Total Premium Earned (Net)	12,696,411	11,522,565	24,218,976	180,985	17,303	3,881	510,171	3,327	4,201,833	7,693,568	334,384	17,290	553,841	3,783,100	804,175	42,322,834

13th Annual Report 2019-20



## Schedules

Annexed to and forming part of the Revenue Accounts

### SCHEDULE - 2

#### CLAIMS INCURRED (NET)

(₹ '000)

Particulars	For the year ended March 31, 2020						For the year ended March 31, 2019					
	Fire	Marine			* Miscellaneous	Total	Fire	Marine			** Miscellaneous	Total
		Marine Cargo	Marine Hull	Marine Total				Marine Cargo	Marine Hull	Marine Total		
Claims paid direct	3,458,660	1,195,615	42,410	1,238,025	38,579,792	43,276,477	2,776,590	1,142,648	138,058	1,280,706	45,892,103	49,949,399
Add: Claims on Re-insurance accepted	234,881	95,902	-	95,902	79,347	410,130	162,601	85,316	-	85,316	97,158	345,075
Less: Claims on Re-insurance ceded	(2,924,805)	(684,474)	(42,276)	(726,750)	(14,167,690)	(17,819,245)	(2,474,923)	(663,867)	(137,917)	(801,784)	(24,485,562)	(27,762,269)
Net Claims paid	768,736	607,043	134	607,177	24,491,449	25,867,362	464,268	564,097	141	564,238	21,503,699	22,532,205
Add: Claims Outstanding at the end of the year	1,079,659	480,513	8,331	488,844	45,993,376	47,561,879	827,001	501,588	4,934	506,522	34,253,316	35,586,839
Less: Claims Outstanding on account of Merger as on March 1, 2020	-	-	-	-	(2,601,214)	(2,601,214)	-	-	-	-	-	-
Less: Claims Outstanding at the beginning of the year	(827,002)	(501,588)	(4,934)	(506,522)	(34,253,316)	(35,586,840)	(762,527)	(505,274)	(3,226)	(508,500)	(27,756,202)	(29,027,229)
<b>Total Claims Incurred (Net)</b>	<b>1,021,393</b>	<b>585,968</b>	<b>3,531</b>	<b>589,499</b>	<b>33,630,295</b>	<b>35,241,187</b>	<b>528,742</b>	<b>560,411</b>	<b>1,849</b>	<b>562,260</b>	<b>28,000,813</b>	<b>29,091,815</b>

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

(₹ '000)

Particulars	Miscellaneous													Total Miscellaneous		
	Motor			Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others					
	Motor-OD	Motor-TP	Motor Total								Other Liability	Home	Specialty		Weather/ Crop	Others
Claims paid direct	13,026,967	3,026,010	16,052,977	122,377	37	—	887,857	132,705	1,927,247	9,043,611	273,052	4,538	562,538	8,579,675	992,978	38,579,792
Add: Claims on Re-insurance accepted	—	—	—	—	—	—	13,322	27,785	6	3,967	34,267	—	—	—	—	79,347
Less: Claims on Re-insurance ceded	(2,964,974)	(212,790)	(3,177,764)	(6,198)	(2)	—	(413,927)	(126,177)	(581,888)	(2,448,852)	(157,058)	(278)	(473,153)	(6,768,645)	(316,748)	(34,467,690)
Net Claims paid	10,061,993	2,813,220	12,875,213	116,179	35	—	487,252	34,313	1,345,365	6,594,726	150,261	4,260	89,385	1,811,230	676,230	24,491,449
Add: Claims Outstanding at the end of the year	1,936,519	33,225,630	35,162,149	189,817	11,027	8,612	406,369	88,080	1,267,255	4,035,386	148,886	14,936	196,600	3,986,642	477,617	46,993,376
Less: Claims Outstanding on account of Merger as on March 1, 2020	—	—	—	—	—	—	—	—	(116,339)	(2,484,875)	—	—	—	—	—	(2,601,214)
Less: Claims Outstanding at the beginning of the year	(1,617,909)	(27,236,171)	(28,854,080)	(133,049)	(8,226)	(7,797)	(183,347)	(146,445)	(630,020)	(1,171,413)	(134,800)	(6,159)	(171,597)	(2,524,310)	(282,073)	(34,253,316)
Total Claims Incurred (Net)	10,380,603	8,902,679	19,183,282	472,947	2,836	815	710,274	(24,052)	1,866,261	7,280,824	164,347	13,037	114,388	3,273,562	871,774	33,630,295

#### \*\* 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								Other Liability	Home	Specialty		Weather/Crop	Others
Claims paid direct	11,585,448	3,918,507	15,503,955	64,487	3	—	630,338	199,786	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	—	—	—	—	—	—	6,818	71,565	1,627	16,862	—	—	286	—	—	97,158
Less: Claims on Re-insurance ceded	(2,822,968)	(2,421,586)	(5,244,554)	(3,383)	—	—	(323,893)	(170,211)	(477,744)	(1,621,029)	(1,121,657)	(440)	(81,414)	(14,794,668)	(646,569)	(21,485,562)
Net Claims paid	8,762,480	1,496,921	10,259,401	61,104	3	—	313,263	101,140	1,199,278	5,054,933	30,743	5,234	100,663	3,813,681	564,256	21,503,669
Add: Claims Outstanding at the end of the year	1,617,909	27,236,171	28,854,080	133,049	8,226	7,797	183,347	146,445	630,020	1,171,413	134,800	6,159	171,597	2,524,310	282,073	34,253,316
Less: Claims Outstanding at the beginning of the year	(1,246,074)	(21,336,949)	(22,583,023)	(101,382)	(9,434)	(8,876)	(184,002)	(184,764)	(637,377)	(859,223)	(87,307)	(8,450)	(169,933)	(2,698,323)	(225,108)	(27,716,202)
Total Claims Incurred (Net)	9,134,315	7,396,143	165,304,458	92,771	(1,205)	(1,079)	312,608	62,821	1,191,921	5,388,123	78,236	2,943	102,327	3,639,688	621,221	28,000,813

## Schedules

Annexed to and forming part of the Revenue Accounts

### SCHEDULE - 3 COMMISSION (NET)

Particulars	For the year ended March 31, 2020					For the year ended March 31, 2019				
	Fire	Marine		* Miscellaneous	Total	Fire	Marine		** Miscellaneous	Total
		Marine Cargo	Marine Hull				Marine Cargo	Marine Hull		
Commission paid direct	860,375	180,992	1,845	182,837	6,473,914	560,518	177,467	13,296	190,763	5,807,377
Add: Commission paid on Re-insurance accepted	47,297	4,652	—	4,652	44,451	31,176	6,835	—	6,835	31,964
Less: Commission received on Re-insurance ceded	(1,199,800)	(88,975)	(3,195)	(92,170)	(8,440,596)	(1,141,531)	(84,216)	(21,458)	(105,674)	(6,907,383)
Net commission paid/(received)	(292,128)	96,669	(1,350)	95,319	(1,922,231)	(549,837)	100,086	(8,162)	91,924	(1,525,955)

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

Particulars	Miscellaneous									
	Motor			Public Liability	Workmen Compensation	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance
	Motor-OD	Motor-TP	Motor Total							
Commission paid direct	2,800,957	247,466	3,048,423	2,593	26,000	600	119,062	4,802	821,333	2,056,885
Add: Commission paid on Re-insurance accepted	—	—	—	733	—	124	6,019	—	767	—
Less: Commission received on Re-insurance ceded	(639,546)	(1,342,193)	(1,981,739)	(1,032)	(2,479)	(86)	(261,379)	(10,024)	(1,157,245)	(3,566,116)
Net commission paid/(received)	2,161,411	(1,094,727)	1,066,684	2,294	23,521	638	(136,298)	(5,422)	(335,145)	(1,509,231)

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

Particulars	Miscellaneous									
	Motor			Public Liability	Workmen Compensation	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance
	Motor-OD	Motor-TP	Motor Total							
Commission paid direct	2,913,480	165,349	3,078,829	2,989	23,711	1,308	105,251	5,548	828,854	1,411,611
Add: Commission paid on Re-insurance accepted	—	—	—	315	—	36	5,688	85	407	9
Less: Commission received on Re-insurance ceded	(750,610)	(581,448)	(1,332,058)	(768)	(1,976)	(458)	(214,135)	(12,210)	(1,126,520)	(2,879,158)
Net commission paid/(received)	2,162,870	(415,099)	1,747,771	2,536	21,735	886	(103,186)	(6,577)	(297,259)	(1,467,538)

### SCHEDULE - 3 A COMMISSION PAID DIRECT

Particulars	For the year ended March 31, 2020					For the year ended March 31, 2019				
	Fire	Marine		* Miscellaneous	Total	Fire	Marine		** Miscellaneous	Total
		Marine Cargo	Marine Hull				Marine Cargo	Marine Hull		
Agents	41,648	23,927	—	1,219,947	1,285,522	33,984	35,087	—	915,675	984,746
Brokers	607,790	158,138	—	2,395,116	3,161,044	361,932	154,441	—	2,186,388	2,702,761
Corporate Agency	210,829	771	—	2,424,101	2,635,701	164,556	1,234	—	2,343,261	2,509,051
Others: Web aggregator, CSC, IMF, MISP and POSP	108	1	—	434,750	434,859	46	1	—	362,053	362,100
Total	860,375	182,837	—	6,473,914	7,517,126	560,518	190,763	—	5,807,377	6,558,658

## Schedules

Annexed to and forming part of the Revenue Accounts

### SCHEDULE - 4

#### OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

(₹ '000)

Particulars	For the year ended March 31, 2020					For the year ended March 31, 2019				
	Fire	Marine			Total	Fire	Marine			Total
		Marine Cargo	Marine Hull	Marine Total			Marine Cargo	Marine Hull	Marine Total	
Employees' remuneration and welfare benefits	453,941	73,203	9,819	83,022	3,623,039	304,259	59,693	14,558	74,251	2,981,431
Travel, conveyance and vehicle running expenses	33,135	5,343	717	6,060	264,460	15,623	3,066	747	3,813	153,087
Training expenses	80,933	13,051	1,751	14,802	645,954	57,747	11,330	2,763	14,093	565,871
Rents, rates and taxes	43,019	6,938	930	7,868	343,342	34,032	6,677	1,628	8,305	333,477
Repairs	15,654	2,524	339	2,863	124,939	13,885	2,724	665	3,389	136,061
Printing and stationery	18,773	3,027	406	3,433	149,831	13,430	2,634	643	3,277	131,596
Communication	6,352	1,025	137	1,162	50,695	5,239	1,027	251	1,278	51,335
Legal and professional charges	327,318	52,784	7,080	59,864	2,538,715	216,908	42,556	10,378	52,934	2,125,477
Auditors' fees, expenses etc										
(a) as auditors	1,032	167	22	189	8,233	921	181	44	225	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	505	81	11	92	4,031	201	39	10	49	1,966
Advertisement and publicity	466,720	75,264	10,095	85,359	3,725,024	216,946	42,563	10,380	52,943	2,125,849
Interest and bank charges	28,978	4,673	627	5,300	405,865	21,783	4,274	1,042	5,316	384,216
Others:										
Electricity expenses	8,973	1,447	194	1,641	71,616	6,997	1,372	335	1,707	68,560
Office expenses	4,219	680	91	771	33,674	3,616	710	173	883	35,443
Miscellaneous expenses	10,821	1,745	234	1,979	86,368	16,176	3,174	774	3,948	158,508
Information Technology expenses	44,023	7,099	952	8,051	351,362	36,656	7,191	1,754	8,945	359,189
Postage and courier	16,113	2,599	349	2,948	128,603	13,788	2,705	660	3,365	135,106
Loss/(Profit) on sale of assets (net)	(112)	(18)	(2)	(20)	(894)	263	52	12	64	2,577
Depreciation	44,642	7,199	965	8,164	356,305	30,541	5,992	1,461	7,453	299,272
<b>Total Operating Expenses</b>	<b>1,605,039</b>	<b>258,831</b>	<b>34,717</b>	<b>293,548</b>	<b>12,911,162</b>	<b>1,009,011</b>	<b>197,960</b>	<b>48,278</b>	<b>246,238</b>	<b>10,058,045</b>
										<b>11,313,294</b>

Annexed to and forming part of the Revenue Accounts

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

13th Annual Report 2019-20



Annexed to and forming part of the Revenue Accounts

71



## Schedules

Annexed to and forming part of the Balance Sheet

### SCHEDULE – 5

#### SHARE CAPITAL

Particulars	As at March 31, 2020 (₹ '000)	As at March 31, 2019 (₹ '000)
<b><u>Authorised Capital</u></b>		
2000,000,000 Equity Shares of ₹ 10/- each (Previous year: 1500,000,000 Equity Shares of ₹ 10/- each)	20,000,000	15,000,000
<b><u>Issued Capital</u></b>		
605,842,050 Equity Shares of ₹ 10/- each (Previous year: 605,422,050 Equity Shares of ₹ 10/- each)	6,058,421	6,054,221
<b><u>Subscribed Capital</u></b>		
605,842,050 Equity Shares of ₹ 10/- each (Previous year: 605,422,050 Equity Shares of ₹ 10/- each)	6,058,421	6,054,221
<b><u>Called-up Capital</u></b>		
605,842,050 Equity Shares of ₹ 10/- each (Previous year: 605,422,050 Equity Shares of ₹ 10/- each)	6,058,421	6,054,221
Less: Calls unpaid	—	—
Add: Equity Shares forfeited (Amount originally paid up)	—	—
Less: Preliminary Expenses	—	—
<b>Total</b>	<b>6,058,421</b>	<b>6,054,221</b>

Of the above 305,841,738 (Previous year 305,691,738) Equity Shares of ₹ 10/- each are held by Housing Development Finance Corporation Limited, the Holding Company.

### SCHEDULE – 5A

#### SHARE CAPITAL

##### PATTERN OF SHAREHOLDING

[As certified by the Management]

	As at March 31, 2020		As at March 31, 2019	
	(Number of Shares)	(% of Holding)	(Number of Shares)	(% of Holding)
Promoters:				
Indian: Housing Development Finance Corporation Limited	305,841,738	50.48%	305,691,738	50.49%
Foreign: ERGO International AG	292,202,312	48.23%	292,202,312	48.27%
Others: Employees	7,798,000	1.29%	7,528,000	1.24%
<b>Total</b>	<b>605,842,050</b>	<b>100.00%</b>	<b>605,422,050</b>	<b>100.00%</b>

## Schedules

Annexed to and forming part of the Balance Sheet

### SCHEDULE – 6

#### RESERVES AND SURPLUS

Particulars	As at March 31, 2020 (₹ '000)	As at March 31, 2019 (₹ '000)
Reserve on Amalgamation (Refer Note 3 of Schedule 16)	3,003,014	—
Capital Redemption Reserve	—	—
Share Premium		
Balance Brought forward from Previous Year	8,403,217	8,381,626
Add: Addition due to Merger (Refer Note 3 of Schedule 16)	5,517,832	—
Add: Addition during the year	37,265	21,591
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		
Debtenture Redemption Reserve		
Balance Brought forward from Previous Year	291,600	194,400
Add: Addition due to Merger (Refer Note 3 of Schedule 16)	40,568	—
Add: Addition during the year	24,300	97,200
Balance of Profit/(Loss) in Profit and Loss Account		
Balance Brought forward from Previous Year	5,074,847	2,984,374
Add: Profit during the year	3,269,418	2,187,673
Less: Transfer to Debtenture Redemption Reserve	(24,300)	(97,200)
Less: On Merger (Refer Note 3 of Schedule 16)	(4,317,847)	5,074,847
<b>Total</b>	<b>21,319,914</b>	<b>13,769,664</b>

### SCHEDULE – 7

#### BORROWINGS

Particulars	As at March 31, 2020 (₹ '000)	As at March 31, 2019 (₹ '000)
Debtentures/Bonds (Refer Note 33 of Schedule 16)	5,040,000	3,500,000
Banks	—	—
Financial Institutions	—	—
Others	—	—
<b>Total</b>	<b>5,040,000</b>	<b>3,500,000</b>

## Schedules

Annexed to and forming part of the Balance Sheet

### SCHEDULE – 8

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

Particulars		As at March 31, 2020 (₹ '000)		As at March 31, 2019 (₹ '000)
<b>LONG TERM INVESTMENTS</b>				
Government securities and Government guaranteed bonds including Treasury Bills		6,075,261		5,156,561
Other Approved Securities		1,962,791		2,277,785
Other Investment:				
Shares				
— Equity	438,758		829,050	
Less : Provision for diminution in value of Investments	<u>(87,050)</u>	351,708	<u>(45,450)</u>	783,599
— Preference		4,770		10,535
Mutual Funds		12,741		14,722
Derivative Instruments		—		—
Debentures/Bonds	4,467,528		4,162,752	
Less : Provision for diminution in value of Investments*	<u>(1,377,913)</u>	3,089,615	<u>(863,674)</u>	3,299,078
Other Securities (Bank Deposits)		95,296		94,630
Subsidiaries		—		—
Investment Properties-Real Estate		—		—
Investments in Infrastructure and Housing		5,209,021		5,465,326
<b>Sub-total</b>	<b>(A)</b>	<b>16,801,203</b>		<b>17,102,236</b>
<b>SHORT TERM INVESTMENTS</b>				
Government securities and Government guaranteed bonds including Treasury Bills		101,948		—
Other Approved Securities		—		—
Other Investment:				
Shares				
— Equity		—		—
— Preference		—		—
Mutual Funds		1,067,482		442,045
Derivative Instruments		—		—
Debentures/Bonds	1,495,371		1,003,768	
Less : Provision for diminution in value of Investments *	<u>(909,053)</u>	586,318	<u>(669,057)</u>	334,711
Other Securities (Commercial Papers, Certificate of Deposits & Bank Deposits)		458,512		298,572
Subsidiaries		—		—
Investment Properties-Real Estate		—		—
Investments in Infrastructure and Housing		764,721		794,196
<b>Sub-total</b>	<b>(B)</b>	<b>2,978,981</b>		<b>1,869,524</b>
<b>Total</b>	<b>(A+B)</b>	<b>19,780,184</b>		<b>18,971,760</b>

## 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, 2020 (₹ '000)	As at March 31, 2019 (₹ '000)
Long term investments - Book Value	16,436,754	16,303,914
Market Value	17,010,850	16,455,221
Short term investments - Book Value	1,911,500	1,427,479
Market Value	1,918,447	1,433,363

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

\* Refer Note 10 of Schedule 16

### SCHEDULE – 8A

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

Particulars	As at March 31, 2020 (₹ '000)	As at March 31, 2019 (₹ '000)
<b>LONG TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including Treasury Bills	35,624,602	19,588,304
Other Approved Securities	11,509,574	8,652,653
Other Investment:		
Shares		
— Equity	2,062,376	2,976,671
— Preference	27,968	40,020
Mutual Funds	74,714	55,924
Derivative Instruments	—	—
Debentures/Bonds	18,117,134	12,532,254
Other Securities (Bank Deposits)	558,804	359,470
Subsidiaries	—	—
Investment Properties-Real Estate	—	—
Investments in Infrastructure and Housing	30,545,080	20,761,212
<b>Sub-total (A)</b>	<b>98,520,252</b>	<b>64,966,508</b>

## Schedules

Annexed to and forming part of the Balance Sheet

### Schedule – 8A (Continued)

Particulars	As at March 31, 2020 (₹ '000)	As at March 31, 2019 (₹ '000)
<b>SHORT TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including Treasury Bills	597,815	—
Other Approved Securities	—	—
Other Investment:		
Shares		
— Equity	—	—
— Preference	—	—
Mutual Funds	6,259,587	1,679,201
Derivative Instruments	—	—
Debentures/Bonds	3,438,098	1,271,474
Other Securities (Commercial Papers, Certificate of Deposits & Bank Deposits)	2,688,658	1,134,190
Subsidiaries	—	—
Investment Properties-Real Estate	—	—
Investments in Infrastructure and Housing	4,484,234	3,016,923
<b>Sub-total (B)</b>	<b>17,468,392</b>	<b>7,101,788</b>
<b>Total (A+B)</b>	<b>115,988,644</b>	<b>72,068,296</b>

#### Note:

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

	As at March 31, 2020 (₹ '000)	As at March 31, 2019 (₹ '000)
Long term investments - Book Value	96,383,161	61,933,914
Market Value	99,749,596	62,508,686
Short term investments - Book Value	11,208,805	5,422,587
Market Value	11,249,542	5,444,935

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



## Schedules

Annexed to and forming part of the Balance Sheet

### SCHEDULE - 9

#### LOANS

Particulars	As at March 31, 2020 (₹ '000)	As at March 31, 2019 (₹ '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	—	—
<b>Total</b>	<u>—</u>	<u>—</u>
BORROWER-WISE CLASSIFICATION		
(a) Central and State Governments	—	—
(b) Banks and Financial Institutions	—	—
(c) Subsidiaries	—	—
(d) Industrial Undertakings	—	—
(e) Others	—	—
<b>Total</b>	<u>—</u>	<u>—</u>
PERFORMANCE-WISE CLASSIFICATION		
(a) Loans classified as standard		
(aa) In India	—	—
(bb) Outside India	—	—
(b) Non-performing loans less provisions		
(aa) In India	—	—
(bb) Outside India	—	—
<b>Total</b>	<u>—</u>	<u>—</u>
MATURITY-WISE CLASSIFICATION		
(a) Short-Term	—	—
(b) Long-Term	—	—
<b>Total</b>	<u>—</u>	<u>—</u>
<b>Total</b>	<u>—</u>	<u>—</u>

## Schedules

Annexed to and forming part of the Balance Sheet

### SCHEDULE – 10 FIXED ASSETS

Particulars	Cost/ Gross Block					Depreciation/ Amortisation					Net Block As at Year end
	Opening	Additions	Addition on Amalgamation	Deductions	Closing	Upto last year	For the period	Addition on Amalgamation	On Sales/ Adjustments	To Date	
Intangibles - Computer Software*	1,488,405 (2,126,822)	179,914 (182,120)	672,591 —	— (820,537)	2,340,910 (1,488,405)	1,165,700 (1,867,990)	159,594 (118,268)	504,478 —	(30) (820,558)	1,829,802 (1,165,700)	511,108 (322,705)
Leasehold Property	127,424	44,698	—	—	172,122	112,248	14,928	—	—	127,176	44,946
Building	(115,251)	(20,818)	—	(8,645)	(127,424)	(113,826)	(7,067)	—	(8,645)	(112,248)	(15,176)
	1,267,779	—	—	—	1,267,779	114,179	21,144	—	—	135,323	1,132,456
	(1,267,779)	—	—	—	(1,267,779)	(93,035)	(21,144)	—	—	(114,179)	(1,153,600)
Furniture and Fittings	318,042	17,403	103,178	819	437,804	135,704	29,000	84,003	570	248,137	189,667
	(309,121)	(16,618)	—	(7,697)	(318,042)	(111,644)	(28,774)	—	(4,714)	(135,704)	(182,338)
Information Technology Equipment	834,154	224,179	314,746	46,872	1,326,207	625,051	129,660	240,860	46,686	948,885	377,322
	(742,305)	(92,101)	—	(252)	(834,154)	(525,501)	(99,957)	—	(407)	(625,051)	(209,103)
Vehicles	179,934	29,110	54,350	32,095	231,299	62,495	36,732	43,735	22,866	120,096	111,203
	(163,693)	(53,403)	—	(37,162)	(179,934)	(57,322)	(34,003)	—	(28,830)	(62,495)	(117,439)
Office Equipment	214,955	23,092	71,590	3,750	305,887	169,745	18,055	58,361	3,591	242,570	63,317
	(193,333)	(31,779)	—	(10,157)	(214,955)	(151,798)	(28,053)	—	(10,106)	(169,745)	(45,210)
<b>Total</b>	<b>4,430,693</b>	<b>518,396</b>	<b>1,216,455</b>	<b>83,536</b>	<b>6,082,008</b>	<b>2,385,122</b>	<b>409,113</b>	<b>931,437</b>	<b>73,683</b>	<b>3,651,989</b>	<b>2,430,019</b>
	(4,918,304)	(396,839)	—	(884,450)	(4,430,693)	(2,921,116)	(337,266)	—	(873,260)	(2,385,123)	(2,045,571)
Capital Work-in-progress (includes advances)	89,479	347,576	128,190	170,911	394,334	—	—	—	—	—	394,334
	(97,829)	(178,307)	—	(186,657)	(89,479)	—	—	—	—	—	(89,479)
<b>Grand Total</b>	<b>4,520,172</b>	<b>865,972</b>	<b>1,344,645</b>	<b>254,447</b>	<b>6,476,342</b>	<b>2,385,122</b>	<b>409,113</b>	<b>931,437</b>	<b>73,683</b>	<b>3,651,989</b>	<b>2,824,353</b>
	(5,016,133)	(575,146)	—	(1,071,107)	(4,520,171)	(2,921,116)	(337,266)	—	(873,260)	(2,385,123)	(2,135,049)

\*There are no internally generated Computer Software  
(Figures in bracket 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, 2020 (₹ '000)	As at March 31, 2019 (₹ '000)
Cash (including cheques, drafts and stamps)	358,572	1,125,482
Bank Balances		
(a) Deposit Accounts	—	—
(aa) Short-term (due within 12 months)	4,315,811	56,183
(bb) Others	23,853	14,227
(b) Current Accounts	3,123,071	2,535,973
(c) Others	—	—
Money at Call and Short Notice		
(a) With Banks	—	—
(b) With Other Institutions	—	—
Others	—	—
<b>Total</b>	<b>7,821,307</b>	<b>3,731,865</b>

### SCHEDULE - 12

#### ADVANCES AND OTHER ASSETS

Particulars	As at March 31, 2020 (₹ '000)	As at March 31, 2019 (₹ '000)
<b>ADVANCES</b>		
Reserve deposits with ceding companies	—	—
Application money for investments	—	—
Prepayments	558,113	249,148
Advance tax paid and taxes deducted at source (Net of provision for taxation)	258,742	176,503
Others:		
Advances to employees	14,370	3,348
Advances to suppliers (Refer Note 38 of Schedule 16)	756,182	200,316
Less : Provisions for doubtful debts	(1,406)	—
Goods and Service tax Unutilised Credit	1,793,598	205,783
<b>Sub-total (A)</b>	<b>3,379,599</b>	<b>835,098</b>

## Schedules

Annexed to and forming part of the Balance Sheet

### Schedule – 12 (Continued)

Particulars	As at March 31, 2020 (₹ '000)	As at March 31, 2019 (₹ '000)
<b>OTHER ASSETS</b>		
Income accrued on investments	3,794,158	2,729,968
Outstanding Premiums (Refer Note 37(b) of Schedule 16)	14,497,129	12,162,554
Agents' Balances	11,302	1,071
Less : Provisions for doubtful debts	(5,073)	—
Due from other entities carrying on insurance business (including reinsurers)	1,416,200	1,914,917
Less : Provisions for doubtful debts	—	(30,108)
Due from subsidiaries/holding Company	26	—
Others:		
Deposits for premises	198,432	99,132
Less : Provisions for doubtful debts	(13,410)	(7,038)
Unclaimed amount of Policyholders (Investment) (Refer Note 38 of Schedule 16)	144,396	133,798
Income on Unclaimed amount of Policyholders (Investment) (Refer Note 38 of Schedule 16)	39,928	25,462
<b>Sub-total (B)</b>	<b>20,083,088</b>	<b>17,029,756</b>
<b>Total (A+B)</b>	<b>23,462,687</b>	<b>17,864,854</b>

### SCHEDULE - 13

#### CURRENT LIABILITIES

Particulars	As at March 31, 2020 (₹ '000)	As at March 31, 2019 (₹ '000)
Agents' Balances	489,927	309,298
Balances due to other insurance companies	27,623,507	13,445,547
Premiums received in advance	7,578,930	3,557,773
Unallocated Premium	6,602,076	4,883,772
Unclaimed amount of Policyholders (Refer Note 28 & 38 of Schedule 16)	229,040	202,794
Unclaimed amount of Policyholders - Income thereon (Refer Note 28 & 38 of Schedule 16)	39,928	25,462
Sundry creditors	4,411,203	5,503,046
Due to subsidiaries/holding company	97,576	69,740
Claims Outstanding (Refer Note 24(b) & 37(b) of Schedule 16)	47,561,879	35,586,841

## Schedules

Annexed to and forming part of the Balance Sheet

### Schedule – 13 (Continued)

Particulars	As at March 31, 2020 (₹ '000)	As at March 31, 2019 (₹ '000)
Due to Officers/Directors	3,600	3,378
Others:		
Tax deducted at source	574,001	42,230
Other statutory dues	52,754	20,218
Interest payable on debentures	230,559	101,450
<b>Total</b>	<b>95,494,980</b>	<b>63,751,549</b>

### SCHEDULE - 14

#### PROVISIONS

Particulars	As at March 31, 2020 (₹ '000)	As at March 31, 2019 (₹ '000)
Reserve for Unexpired Risk (Refer Note 37(b) of Schedule 16)	42,266,612	28,413,516
For taxation (less advance tax paid and taxes deducted at source)	—	—
For proposed dividends	—	—
For dividend distribution tax	—	—
Others:		
Provision for Employee benefits	125,002	75,305
<b>Total</b>	<b>42,391,614</b>	<b>28,488,821</b>

### SCHEDULE - 15

#### MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Particulars	As at March 31, 2020 (₹ '000)	As at March 31, 2019 (₹ '000)
Discount Allowed in issue of shares/debentures	—	—
Others:		
Pre-operative expenses:		
Opening balance	—	—
Incurred during the period	—	—
Less: Amortisation during the period	—	—
<b>Total</b>	<b>—</b>	<b>—</b>



**Schedule – 16**  
**NOTES TO ACCOUNTS**

**1. BACKGROUND**

HDFC ERGO General Insurance Company Limited (“the Company”) was incorporated on December 27, 2007 as a Company under the Companies Act, 1956.

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

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

These financial statements have been prepared under the historical cost convention, on an accrual basis and in accordance with the applicable provisions of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor’s Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, circulars/notifications and guidelines issued by IRDAI from time to time, the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, read together with Rule 7 of Companies (Accounts) Rule 2014 dated March 31, 2014 and Companies (Accounting Standards) Amendment Rules 2016 dated March 30, 2016 to the extent applicable and the relevant provisions of the Companies Act, 2013.

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

**(b) Use of estimates**

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

**(c) Revenue Recognition**

**Premium Income**

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

occur. Installment cases are recorded on installment due dates. Premium received in advance represents premium received prior to commencement of the risk.

#### **Income earned on investments**

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

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

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

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

#### **(d) Reinsurance ceded**

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

Premium on excess of loss reinsurance cover is accounted as per the terms of the reinsurance arrangements.

#### **(e) Commission received**

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

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

#### **(f) Reserve for Unexpired Risk**

Reserve for unexpired risk represents that part of the net premium written which is attributable to and allocated to the succeeding accounting period. Reserve for unexpired risk is calculated on the basis of 1/365<sup>th</sup> 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.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### (h) Claims incurred

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

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

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

The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by the Appointed Actuary in compliance with guidelines issued by IRDAI vide circular No. 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2005 and applicable provisions of Guidance Note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has used generally accepted actuarial methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of businesses. The above elements of estimates of liability for claims are periodically reviewed by the Appointed Actuary and adjusted based on recent experience and emerging trends.

#### (i) Salvage Recoveries

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

#### (j) Acquisition Costs

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

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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

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

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

Leasehold Property is depreciated over the duration of lease.

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

- Computer Softwares - 4 years

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

#### **Impairment of assets**

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

#### **(m) Finance Leases**

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

#### **(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.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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

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

#### (p) Investments

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

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

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

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

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

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

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

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

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

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

Equity shares actively traded and convertible preference shares as at the Balance Sheet date are stated at fair value, being the last quoted closing price on the National Stock Exchange (NSE) being selected as Primary exchange as required by IRDAI Circular No. IRDA/F&I/INV/CIR/213/10/2013 dated October 30,



## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

2013. However, in case of any stock not being listed on NSE, the same is valued based on the last quoted closing price on Bombay Stock Exchange (BSE).

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

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

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

#### (q) Employee Benefits

##### (i) Short-term employee benefits

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

##### (ii) Long term employee benefits

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

##### Defined contribution plans

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

##### Defined benefit plans

Expenses for defined benefit gratuity and supplemental payment plans are calculated as at the Balance Sheet date by independent actuaries using projected unit credit method in a manner that 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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

based on Government securities yield. Gain or loss arising from change in actuarial assumptions/ experience adjustments is recognised in the Revenue Accounts for the period in which they emerge. Expected long term rate of return on assets has been determined based on historical experience and available market information.

#### (iii) Other long term employee benefits

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

#### (r) Taxation

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.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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 1<sup>st</sup> of each financial year.

#### (v) Contribution to Environment Relief Fund

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

#### (w) Segment Reporting

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

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

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

##### Allocation of Investment Income

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

##### Operating Expenses relating to Insurance Business

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

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.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### (x) Earnings Per Share (“EPS”)

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

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

#### (y) Provisions and Contingencies

A provision is recognised when the Company has a present legal obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current best estimates.

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

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

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

#### (z) Employee Stock Option Plan (“ESOP”)

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

#### (aa) Receipts and Payments Account

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

(ii) Cash and cash equivalents

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### 3. Merger of HDFC ERGO HEALTH INSURANCE LIMITED (Formerly Apollo Munich Health Insurance Company Limited) (“Transferor Company”) with the Company (“Transferee Company”)

The Board of Directors of the Company, at its meeting held on June 19, 2019, approved entering into Share Purchase Agreement, by and amongst the Company (“Transferee Company”), Housing Development Finance Corporation Limited (HDFC Limited) (Holding Company of the Company), Apollo Munich Health Insurance Company Limited (Apollo Munich)(now HDFC ERGO Health Insurance Limited) (“Transferor Company”), Apollo Hospitals Enterprise Limited, Apollo Energy Company Limited and Munich Health Holding AG, in connection with the acquisition of upto 51.2% of the paid-up share capital of Apollo Munich by HDFC Limited and subsequent merger of Apollo Munich into the Company. The Transferor Company being engaged in Health Insurance Business.

On receipt of approvals from the Competition Commission of India (CCI), Reserve Bank of India (RBI) and the Insurance Regulatory and Development Authority of India (IRDAI), HDFC Limited, acquired 51.16% of the paid up share capital of Apollo Munich Health Insurance Company Limited on January 9, 2020 from its Indian Promoters, Apollo Hospital Group and few other shareholders. On acquisition, the name of Apollo Munich Health Insurance Company Limited was changed to HDFC ERGO Health Insurance Limited.

Further, the Board of Directors, at its meeting held on January 15, 2020 approved the Scheme of Amalgamation (‘the Scheme’) for merger of HEHI with the Company with Appointed Date as March 1, 2020 and consequently, The Company Scheme Application (CSA) was filed with the National Company Law Tribunal, Mumbai Bench (NCLT) on February 17, 2020.

NCLT at its final hearing held on September 29, 2020, sanctioned the Scheme under Sections 230 to 232 of the Companies Act, 2013, for merger of HDFC ERGO Health Insurance Limited with the Company.

Pursuant to the Scheme sanctioned by the NCLT, the entire business undertaking of the Transferor Company including but not limited to all assets, properties, liabilities, contracts, employees, legal and other proceedings have been transferred to and vested in the Company on a going concern basis, with effect from March 1, 2020 (the Appointed Date as per the Scheme). The detailed NCLT Order, as uploaded on its website has been submitted to IRDAI on October 28, 2020. IRDAI has given its final approval for merger, vide letter dated November 11, 2020 with the Effective Date as November 13, 2020. Consequently, the Scheme has been given effect to in these financial statements.

The merger has been accounted under the ‘Pooling of interests’ method as prescribed under Accounting Standard 14 : ‘Accounting for Amalgamations’ (AS 14). Accordingly, the assets, liabilities and reserves of the Transferor Company as at March 1, 2020 have been taken over at their book values.

The Board of Directors of the Company in its meeting held on May 08, 2020 had approved the Financial Statements as of March 31, 2020. Since the said financial statements, adopted by the Board of Directors, were yet to be adopted by the shareholders of the Company, the Board of Directors have now decided to modify the financial statements of the Company for the year ended March 31, 2020 to give effect to the Scheme. Pursuant to the Scheme sanctioned by the NCLT, and final approval of IRDAI, the Board of Directors in its meeting held on November 13, 2020 approved the restated Financial Statements as of March 31, 2020.



## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

Details of the summarized values of assets, liabilities and reserves of the Transferor Company, as acquired pursuant to the Scheme and the treatment of the difference between the net assets acquired and the shares to be issued to the shareholders of the Transferor Company are as under:

(₹ '000)

Particulars	Appointed Date March 01, 2020
Fixed Assets	413,209
Investments	17,837,220
Cash and bank balances	2,394,776
Advances and other assets	2,135,357
Deferred tax asset (net)	149,806
<b>Total Assets (A)</b>	<b>22,930,368</b>
Borrowings	1,540,000
Current liabilities & Provisions	16,092,521
Others – Fair value change account	591
<b>Total Liabilities (B)</b>	<b>17,633,112</b>
Securities Premium	5,517,832
Debentures Redemption Reserve	40,568
Profit & Loss Account	(4,317,847)
<b>Total Reserves (C)</b>	<b>1,240,553</b>
<b>Net assets acquired (A) – (B) – (C)</b>	<b>4,056,703</b>
Less: Equity share capital to be issued	1,053,689
<b>Reserve on Amalgamation</b>	<b>3,003,014</b>

### 3A. SHARE CAPITAL SUSPENSE:

In terms of the Scheme of Amalgamation, 100 equity shares of ₹ 10 each of the Company are to be allotted to the shareholders of the Transferor Company, for every 385 equity shares of ₹ 10 each held in the Transferor Company. Accordingly, 105,368,928 Equity Shares of ₹ 10/- each are to be allotted as fully paid for consideration other than cash as per terms of merger. Consequently, pending allotment, which would happen on the Record Date i.e. November 13, 2020, being the Effective Date of the merger as approved by IRDAI, the same has been reflected under Share Capital Suspense in the Balance Sheet.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### 4. CONTINGENT LIABILITIES

(₹ '000)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
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	1,682	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)	270,442	255,101
6	Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
7	Others (Refer Note 2 below)	10,000	Nil

Note :

- (1) The Company has disputed the demand raised by Income Tax Authorities of ₹ Nil (Previous year ₹ 21,824 thousand) and by Service Tax Authorities of ₹ 270,442 thousand (Previous year ₹ 233,277 thousand), the appeals of which are pending before the appropriate Authorities.
- (2) Represents amounts payable on cancellation of a service contract, which on the date of approval of these financial statements is remote, as the contract with the party has concluded.
- (3) The Company has pending litigations arising out of matters relating to Service Tax and has received Order in Original in respect of a Service Tax matter of ₹ 1,742,305 thousand (Previous year ₹ 216,891 thousand). Based on the expert advice in respect of these matters, the Management does not expect any outflow of economic benefits and assessed the likelihood of outflow of resources as remote.

#### 5. ENCUMBRANCES ON ASSETS

The assets of the Company are free from encumbrances.

#### 6. COMMITMENTS

There are commitments made and outstanding of ₹ 110,158 thousand (Previous year ₹ 127,575 thousand) for investments.

Estimated amount of contracts remaining to be executed on capital account and not provided for, [net of payments ₹ 394,334 thousand (Previous year ₹ 89,478 thousand)] is ₹ 407,669 thousand (Previous year ₹ 190,558 thousand).

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

#### 7. CLAIMS

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

(₹ '000)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Outside India	269,455	1,690,433

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).

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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

(₹ '000)

Particulars	As at March 31, 2020	As at March 31, 2019
More than six months	26,125,781	23,801,619
Others	10,290,035	8,126,349

## 8. PREMIUM

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

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

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

## 9. EXTENT OF RISKS RETAINED AND REINSURED

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

For the year ended on March 31, 2020

Particulars	Basis	Gross Premium	Retention	Cession	Retention	Cession
		(₹ '000)	(₹ '000)	(₹ '000)	%	%
Fire	Total sum insured	10,685,887	2,759,047	7,926,840	26	74
Marine Cargo	Value at Risk	1,716,618	756,683	959,934	44	56
Marine Hull	Total sum insured	230,254	761	229,493	0	100
Miscellaneous						
- Motor	Total sum insured	33,880,743	25,105,977	8,774,766	74	26
- Workmen's Compensation	Value at Risk	200,988	187,774	13,214	93	7
- Public/Product Liability	Value at Risk	44,203	20,577	23,626	47	53
- Engineering	Total sum insured	1,998,838	830,044	1,168,795	42	58
- Aviation	Value at Risk	127,101	3,098	124,003	2	98
- Personal Accident	Value at Risk	6,592,572	4,459,852	2,132,720	68	32
- Health Insurance	Value at Risk	16,031,212	9,592,574	6,438,638	60	40
- Other Liability / Specialty	Value at Risk	2,541,731	971,703	1,570,028	38	62
- Others	Value at Risk	23,550,819	4,909,909	18,640,910	21	79

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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
- Workmen's 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.

## 10. INVESTMENTS

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

(₹ '000)

Particulars	Nature	Type of Security	No. of Units / Shares	As at March 31, 2020	As at March 31, 2019
Axis Liquid Fund Direct Growth	Purchase	Mutual Fund	6,828.648	<b>15,000</b>	—
Jhelum Investment Fund	Purchase	Alternate Investment Fund	3.875	<b>388</b>	—
IL&FS Transportation Networks Ltd	Sale	Equity Shares	300,000	—	1,664
<b>Total</b>				<b>15,388</b>	1,664

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.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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

The Company has non-performing investments amounting to ₹ 250,000 thousand (including Transferor Company's investment amounting ₹ 100,000 thousand) in Dewan Housing Finance Corporation Limited (DHFL). DHFL has defaulted in the payment of interest and redemption proceeds and accordingly, based on IRDAI Guidelines, the Investment has been classified as non-performing. The Company had made provision amounting ₹ 125,000 thousand in the financial statements and no interest income has been accrued thereon during the year, in terms of the provisions of point 13 of Para 3.7 of the Master Circular on IRDAI (Investment) Regulations, 2016.

Pursuant to the Scheme, the Company has taken over investments of Transferor Company, on which necessary provisions were made by the Transferor Company for the following exposures:

- (a) Reliance Capital Limited (RCL): Impairment provision of ₹ 29,999 thousand on exposure of ₹ 199,979 thousand in its non-convertible debentures, as RCL has defaulted in its obligation towards payment of interest.
- (b) Infrastructure Leasing & Financial Services (IL&FS) group: Impairment provision of ₹ 599,239 thousand, being exposure in its non-convertible Debentures.

Correspondingly, during the previous year, the Company had non-performing investments amounting to ₹ 1,532,731 thousand in Infrastructure Leasing & Financial Services Limited, IL&FS Financial Services Limited, IL&FS Transportation Networks Limited, for which the Company had made 100% provision in the financial statements. In terms of point 13 of Para 3.7 of the Master Circular on IRDAI (Investment) Regulations, 2016, no interest income had been accrued on these investments in the current year as well as the previous year.

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

Mutual Funds – ₹ 7,414,772 thousand (Previous year ₹ 2,191,425 thousand)

Equity Shares – ₹ 3,169,005 thousand (Previous year ₹ 4,035,529 thousand)

(₹ '000)

Particulars	As at March 31, 2020	As at March 31, 2019
Aggregate market value of the Investments other than Mutual Fund and Equity Shares	129,928,435	85,842,204
Aggregate amortized cost / cost of the Investments other than Mutual Fund and Equity Shares	125,940,220	85,087,894

## 11. MANAGERIAL REMUNERATION

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

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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

(₹ '000)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salary, perquisites and bonus	130,026	124,573
Contribution to Provident Fund	3,941	3,778
<b>Total</b>	<b>133,967</b>	<b>128,351</b>

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

Out of the above ₹ 15,000 thousand (Previous year ₹ 15,000 thousand) remuneration for each Director (proportionate in case of Mr. Anuj Tyagi for period April 01, 2019 till January 08, 2020 and March 01, 2020 to March 31, 2020) has been charged to Revenue Accounts and balance ₹ 91,467 thousand (Previous year ₹ 83,351 thousand) has been transferred to Profit and Loss Account.

- (b) During the year, the Company has paid an amount of ₹ 4,000 thousand (Previous year ₹ 3,753 thousand) as Commission to Independent Directors and an amount of ₹ 14,000 thousand (Previous year ₹ 12,600 thousand) as fees to Non-Executive Directors for attending Board / Committee meetings.
- (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, 2020	For the year ended March 31, 2019
Salary, perquisites and bonus	144,470	97,563
Contribution to Provident Fund	3,599	2,397
<b>Total</b>	<b>148,069</b>	<b>99,960</b>

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

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

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

Business Sector	For the year ended March 31, 2020		For the year ended March 31, 2019	
	GDPI (₹ '000)	% of GDPI	GDPI (₹ '000)	% of GDPI
Rural	28,720,875	30	26,665,185	31
Urban	67,574,999	70	59,463,322	69
<b>Total</b>	<b>96,295,873</b>	<b>100</b>	<b>86,128,508</b>	<b>100</b>

Social Sector	For the year ended March 31, 2020	For the year ended March 31, 2019
Number of lives	7,356,537	3,740,134
GDPI (₹ '000)	26,707,213	26,426,872



## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### 13. REINSURANCE REGULATIONS

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

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

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

#### 14. ASSETS TAKEN ON LEASE

##### Operating lease commitments – Premises, Furniture and Fittings:

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

(₹'000)

Particulars	As at March 31, 2020	As at March 31, 2019
Not later than one year	122,802	176,058
Later than one year but not later than five years	68,368	43,401
Later than five years	—	—

The aggregate operating lease rental, charged to the Revenue Accounts in the current year is ₹ 279,376 thousand (Previous year ₹ 241,893 thousand).

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

#### 15. TAXATION

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

(₹ in '000)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Deferred Tax Assets:</b>		
Section 43B & 40(a) of Income Tax Act	91,602	36,330
Rule 6 E of the Income-tax rules, 1962 (Reserve for unexpired risk)	—	107
Amalgamation Expenses	56,944	45,661
Provision for diminution in value of Investment and Doubtful Debts	599,033	553,939
<b>Total</b>	<b>747,579</b>	<b>636,036</b>
<b>Deferred Tax Liabilities:</b>		
Depreciation	21,303	118,397
<b>Total</b>	<b>21,303</b>	<b>118,397</b>
<b>Deferred Tax Asset / (Liabilities) (Net)</b>	<b>726,276</b>	<b>517,639</b>

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

The Company has chosen to exercise the option of lower tax rate of 25.168% (inclusive of surcharge and cess) under Section 115BAA of the Income Tax Act, 1961, as introduced by the Finance Act, 2019. The Company has taken the impact of this option and re-measured its deferred tax assets for the year ended March 31, 2020 and written off the MAT Credit entitlement taken over on merger of the Transferor Company as no longer recoverable.

The Transferor Company had recognised Deferred Tax Assets of ₹ 149,806 thousand, which mainly comprised of unabsorbed depreciation and provision for diminution in the value of investment

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

#### 16. EMPLOYEE STOCK OPTION PLAN (ESOP)

The Company had introduced an Employee Stock Option Plan 2009 (“ESOP 2009”) in financial year 2009-10. ESOP 2009 provides that eligible employees are granted options to acquire equity shares of the Company that vest in graded manner. The vested options may be exercised within a specified period.

Under ESOP 2009, during the year 200,000 options (Previous year 1,055,000 options) were granted at an exercise price of ₹ 364.40 per option (Previous year ₹ 257.00 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 options (Previous year 50,000 options) were vested out of Tranche VI, 581,500 options (Previous year 190,750 options) were vested out of Tranche VII, 10,000 options (Previous year 10,000 options) were vested out of Tranche VIII and 503,750 options (Previous year Nil options) were vested out of Tranche IX.

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

The Transferor Company had in force an “Employee Stock Option Plan – 2011”, having tranches viz. HI Tranche I, HI Tranche II, HI Tranche III, HI Tranche IV, HI Tranche V & HI Tranche VI. Pursuant to the Scheme, the stock options granted under the said Plan are transferred from Transferor Company to Transferee Company, taking into account the Share Exchange Ratio and on the same terms and conditions as provided in the Scheme. As on the date of merger, there are no options outstanding of the Transferor Company under HI Tranche I & II.

These options are exercisable over a period of five years from the dates of vesting. For HI Tranche III & VI of the Transferor Company, options will vest in ratio of 25:25:50 starting from the end of two years from the date of grant, and for HI Tranche IV & V of the Transferor Company, options will vest in ratio of 20:20:20:40 starting from the end of two years from the date of grant.

# Schedule – 16 (Continued)

## NOTES TO ACCOUNTS

Movement in the options :

(No. of Options)

Particulars	Tranche XIII		Tranche XII		Tranche XI		Tranche X	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Outstanding at the Beginning of the year	—	—	—	—	100,000	—	915,000	—
Granted during the year	100,000	—	100,000	—	—	100,000	—	955,000
Exercised during the year	—	—	—	—	—	—	—	—
Lapsed during the year	—	—	—	—	—	—	45,000	40,000
Outstanding at the end of the year	100,000	—	100,000	—	100,000	100,000	870,000	915,000
Unvested at the end of the year	100,000	—	100,000	—	100,000	100,000	870,000	915,000
Vested at the end of the year	—	—	—	—	—	—	—	—
Weighted average price per option	364.40	—	364.40	—	257	257	257	257

(No. of Options)

Particulars	Tranche IX		Tranche VIII		Tranche VII		Tranche VI	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Outstanding at the Beginning of the year	2,015,000	2,015,000	30,000	40,000	748,500	940,250	—	50,000
Granted during the year	—	—	—	—	—	—	—	—
Exercise during the year	142,500	—	10,000	10,000	198,500	191,750	—	50,000
Lapsed during the year	—	—	—	—	—	—	—	—
Outstanding at the end of the year	1,872,500	2,015,000	20,000	30,000	550,000	748,500	—	—
Unvested at the end of the year	1,511,250	2,015,000	20,000	30,000	—	581,500	—	—
Vested at the end of the year	361,250	—	—	—	550,000	167,000	—	—
Weighted average price per option	151	151	91	91	80	80	80	80

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

(No. of Options)

Particulars	Tranche V		Tranche IV		Tranche III	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Outstanding at the Beginning of the year	91,000	108,500	135,500	189,000	18,000	38,000
Granted during the year	—	—	—	—	—	—
Exercise during the year	15,000	17,500	37,000	53,500	5,000	20,000
Lapsed during the year	—	—	—	—	—	—
Outstanding at the end of the year	76,000	91,000	98,500	135,500	13,000	18,000
Unvested at the end of the year	—	—	—	—	—	—
Vested at the end of the year	76,000	91,000	98,500	135,500	13,000	18,000
Weighted average price per option	62.5	62.5	50	50	50	50

(No. of Options)

Particulars	Tranche II		Tranche I	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Outstanding at the Beginning of the year	—	—	25,000	32,500
Granted during the year	—	—	—	—
Exercise during the year	—	—	12,000	7,500
Lapsed during the year	—	—	—	—
Outstanding at the end of the year	—	—	13,000	25,000
Unvested at the end of the year	—	—	—	—
Vested at the end of the year	—	—	13,000	25,000
Weighted average price per option	10	10	10	10

(No. of Options)

Particulars	HI Tranche VI		HI Tranche V		HI Tranche IV		HI Tranche III	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Transfer on Merger	383,134	—	162,349	—	91,429	—	35,066	—
Granted during the year	—	—	—	—	—	—	—	—
Exercised during the year	—	—	—	—	—	—	—	—
Lapsed during the year	—	—	—	—	—	—	—	—
Outstanding at the end of the year	383,134	—	162,349	—	91,429	—	35,066	—
Unvested at the end of the year	383,134	—	162,349	—	91,429	—	35,066	—
Vested at the end of the year	—	—	—	—	—	—	—	—
Weighted average price per option	364.60	—	281.05	—	75.81	—	75.81	—

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### 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 ₹ 50,101 thousand (Previous year ₹ 61,380 thousand) and profit after tax would have been lower by ₹ 38,046 thousand (Previous year ₹ 50,196 thousand). Consequently, the Company's basic and diluted earnings per share would have been ₹ 5.26 and ₹ 5.24 respectively.

#### Fair Value Methodology:

The fair value of options on date of grant has been estimated using Black-Scholes model. The key assumptions used in Black-Scholes model for calculating fair value under ESOP 2009 Tranche I, Tranche II, Tranche III, Tranche IV, Tranche V, Tranche VI, Tranche VII, Tranche VIII, Tranche IX, Tranche X, Tranche XI, Tranche XII and Tranche XIII 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, August 20, 2018, February 06, 2020 and February 20, 2020, and Transferor Company's ESOP Plan HI Tranche III, HI Tranche IV, HI Tranche V and HI Tranche VI as on date of grant viz October 01, 2017, February 09, 2018, August 07, 2019 and February 10, 2020 are as follows:

Particulars	Risk Free Interest rate	Expected Life	Expected Volatility*	Expected dividend yield
Tranche XIII	5.98%-6.27%	4-6 years	14%	Nil
Tranche XII	6.07%-6.34%	4-6 years	14%	Nil
Tranche XI	7.83%-7.96%	4-6 years	10%	Nil
Tranche X	7.33%-7.58%	4-6 years	10%	Nil
Tranche IX	6.90%-6.95%	4-6 years	12%	Nil
Tranche VIII	7.41%-7.62%	4-6 years	18%	Nil
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
HI Tranche VI	5.95%-6.28%	4-6 years	14%	Nil
HI Tranche V	6.10%-6.48%	4-7 years	13%	Nil
HI Tranche IV	7.22%-7.59%	4-7 years	9%	Nil
HI Tranche III	6.58%-6.75%	4-6 years	10%	Nil

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

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

	Particulars	Fair Value Method	
		For the year ended March 31, 2020	For the year ended March 31, 2019
A	Net Profit after Tax (₹ '000)	<b>3,231,372</b>	3,779,680
B	Less: Preference dividend	—	—
C	Weighted Average number of Equity Shares of ₹ 10/- each (Basic) (in '000)	<b>614,623</b>	605,364
D	Weighted Average number of Equity Shares of ₹ 10/- each (Diluted) (in '000)	<b>616,759</b>	606,975
E	Basic Earnings Per Share (₹)	<b>5.26</b>	6.24
F	Diluted Earnings Per Share (₹)	<b>5.24</b>	6.23

**Information in respect of Options outstanding**

Particulars		Exercise Price (₹)	No. of Options	Weighted Average remaining life
Tranche XIII	As at March 31, 2020	364.40	100,000	98 months
	As at March 31, 2019	—	—	—
Tranche XII	As at March 31, 2020	364.40	100,000	97 months
	As at March 31, 2019	—	—	—
Tranche XI	As at March 31, 2020	257	100,000	80 months
	As at March 31, 2019	257	100,000	92 months
Tranche X	As at March 31, 2020	257	870,000	76 months
	As at March 31, 2019	257	915,000	88 months
Tranche IX	As at March 31, 2020	151	1,872,500	64 months
	As at March 31, 2019	151	2,015,000	76 months
Tranche VIII	As at March 31, 2020	91	20,000	52 months
	As at March 31, 2019	91	30,000	64 months
Tranche VII	As at March 31, 2020	80	550,000	38 months
	As at March 31, 2019	80	748,500	50 months
Tranche VI	As at March 31, 2020	80	—	28 months
	As at March 31, 2019	80	—	40 months
Tranche V	As at March 31, 2020	62.5	76,000	16 months
	As at March 31, 2019	62.5	91,000	28 months
Tranche IV	As at March 31, 2020	50	98,500	4 months
	As at March 31, 2019	50	135,500	16 months
Tranche III	As at March 31, 2020	50	13,000	2 months
	As at March 31, 2019	50	18,000	7 months
Tranche II	As at March 31, 2020	10	—	29 months
	As at March 31, 2019	10	—	41 months
Tranche I	As at March 31, 2020	10	13,000	26 months
	As at March 31, 2019	10	25,000	38 months
HI Tranche VI	As at March 31, 2020	364.60	383,134	104 months
	As at March 31, 2019	—	—	—
HI Tranche V	As at March 31, 2020	281.05	162,349	98 months
	As at March 31, 2019	—	—	—
HI Tranche IV	As at March 31, 2020	75.81	91,429	92 months
	As at March 31, 2019	—	—	—
HI Tranche III	As at March 31, 2020	75.81	35,066	69 months
	As at March 31, 2019	—	—	—



## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### 17. SEGMENT REPORTING

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

#### 18. ACCOUNTING RATIOS

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

#### 19. EMPLOYEE BENEFITS

(a) Defined Contribution Plan:

(₹'000)

Expenses on defined contribution plan	For the year ended March 31, 2020	For the year ended March 31, 2019
Contribution to Staff Provident fund	140,676	104,384
Contribution to Superannuation fund	Nil	904
Contribution to National Pension Scheme	14,691	12,447
<b>Total</b>	<b>155,367</b>	<b>117,735</b>

(b) Defined Benefit Plan – Gratuity :

Disclosures as per AS-15 (Revised) “Employee Benefits” for the year ended on March 31, 2020:

(₹'000)

Sl. No.	Particulars	March 31, 2020	March 31, 2019
<b>I.</b>	<b>Assumptions</b>		
	Discount Rate	5.45%-6.84%	7.54%
	Rate of increase in compensation levels	7.00%-8.00%	7.00%
	Rate of Return on Plan Assets p.a.	5.45%-6.84%	7.54%
<b>II.</b>	<b>Table Showing Change in Benefit Obligation</b>		
	Net liability as per books (A)	276,106	234,391
	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)	276,106	234,391
	Interest Cost for the year	21,288	18,329
	Service Cost for the year	53,144	43,750
	Liability taken over from Transferor Company	103,043	Nil
	Liability Transferred Out	Nil	Nil
	Benefits paid during the year	(31,269)	(49,949)
	Actuarial (Gain)/Loss on obligations	29,984	29,585
	Liabilities assumed on acquisition / settled	Nil	Nil
	Plan Benefit Obligation at the end of the year	452,296	276,106
<b>III.</b>	<b>Tables of Fair value of Plan Assets</b>		
	Fair Value of Plan Assets at the beginning of the year	277,036	229,315
	Expected Return on Plan Assets for the year	21,362	17,933

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

(₹'000)

Sl. No.	Particulars	March 31, 2020	March 31, 2019
	Contributions during the year	82,951	81,545
	Assets taken over from Transferor Company	74,878	Nil
	Benefits Paid during the year	(31,269)	(49,949)
	Actuarial Gain/(Loss) on Plan Assets	8,608	(1,808)
	Fair Value of Plan Assets at the end of the year	433,566	277,036
<b>IV.</b>	<b>The Amounts to be recognised in the Balance Sheet</b>		
	Present Value of Obligation	(452,296)	(276,106)
	Fair Value of Plan Assets	433,566	277,036
	Asset/(Liability) recognised in Balance Sheet	(18,730)	930
<b>V.</b>	<b>Amounts to be recognised in the Revenue Accounts (Net Periodic Cost)</b>		
	Current Service Cost	53,144	43,750
	Interest Cost	(74)	397
	Expected Return on Plan Assets	Nil	Nil
	Net actuarial (Gain) / Loss recognised in the year	21,376	31,393
	Actuarial determined charge for the year (A)	74,446	75,540
	Shortfall/(Excess) (B)	Nil	Nil
	Total Charge as per books (A+B)	74,446	75,540
	(expense is disclosed in the line item – Employees' remuneration and welfare benefit)		
<b>VI.</b>	<b>Movements in the liability recognised in the Balance Sheet:</b>		
	Net Liability as per books (A)	(930)	5,075
	Shortfall/(Excess) in opening liability determined as per actuarial valuation (B)	Nil	Nil
	Opening net liability(A+B)	(930)	5,075
	Expense as above	74,446	75,540
	Net Liability / (Asset) Transfer In	28,165	Nil
	Net (Liability) / Asset Transfer Out	Nil	Nil
	Contribution paid	(82,951)	(81,545)
	Closing Net (Asset)/Liability	18,730	(930)
<b>VII.</b>	<b>Actual Return on Plan Assets</b>		
	Expected return on Plan Assets	21,362	17,932
	Actuarial Gain/(Loss) on Plan Assets	8,608	(1,808)
	Actual return on Plan assets	29,970	16,124

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### Experience adjustments

(₹ '000)

Particulars	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Defined Benefit Obligation	452,296	276,106	234,391	190,652	18,672
Plan Assets	433,566	277,036	229,315	171,907	—
Surplus/(Deficit)	(18,730)	930	(5,076)	(18,745)	(18,672)
Experience Adjustment on Plan Liabilities	4,214	(21,701)	(20,613)	(5,019)	(875)
Experience Adjustment on Plan Assets	8,608	(1,808)	(4,446)	(419)	—

The Transferee Company's gratuity funds are managed by HDFC Life Insurance Company Limited. Secure Managed Fund constitutes 98% (Previous year 93%) and Liquid Fund constitutes 2% (Previous year 7%) of the total fund balance.

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

Particulars	Invested as on March 31, 2020		Invested as on March 31, 2019	
	Secure Managed Fund	Liquid Fund	Secure Managed Fund	Liquid Fund
Government Securities	46%	—	34%	—
Debentures/Bonds	49%	—	60%	—
Deposits, Money Market Securities and Net Current Assets	5%	100%	6%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Transferor Company's gratuity funds are managed by Kotak Mahindra Life Insurance Company Limited ("Kotak Life") and Life Insurance Corporation (LIC) of India. Gratuity fund invested with Kotak Life ₹ 94,442 thousand and LIC ₹ 124 thousand as on March 31, 2020.

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

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

Balanced Fund constitutes 31% and Bond Fund constitutes 69% of the total fund balance.

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

The contribution expected to be made by the Company during the financial year 2020-21, amounts to ₹ 105,981 thousand (Previous year ₹ 50,691 thousand).

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### 20. RELATED PARTY DISCLOSURE

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

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

**Holding Company**

Housing Development Finance Corporation Limited (HDFC Limited)

**Fellow subsidiaries** (with whom company has transactions)

HDFC Asset Management Company Limited

HDFC Life Insurance Company Limited

GRUH Finance Limited (upto August 30, 2019)

HDFC Sales Private Limited

HDFC Property Ventures Limited

HDFC Credila Financial Services Private Limited

HDFC Education and Development Services Private Limited

HDFC Capital Advisors Limited

HDFC Pension Management Company Limited

**Entities over which Holding Company has control**

HDFC Investment Trust

HDFC Investment Trust II

H T Parekh Foundation

**Investing Party and its group companies**

ERGO International AG

Munich Re

**Key Management Personnel and Relatives of Key Management Personnel**

Mr. Ritesh Kumar, Managing Director and CEO

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

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

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

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

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

Mr. Anuj Tyagi, Executive Director & Chief Business Officer

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

Mr. Samir H. Shah, Executive Director & CFO

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

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

**(b) Details of Transactions:**

(₹ '000)

Particulars	Holding Company		Fellow Subsidiaries#		Investing Party and its group companies		Key Managerial Personnel (including relatives)	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
<b>INCOME</b>								
Interest, Dividend and Rent-Gross	393,385	281,215	6,330	11,700	—	—	—	—
Premium from direct business written - net of GST	146,072	104,009	76,485	64,009	(3)	—	226	295
Commission received on Reinsurance ceded	—	—	—	—	830,520	428,571	—	—
Claims on Reinsurance ceded	—	—	—	—	1,109,020	1,939,053	—	—
Other Income	269	284	—	—	37,439	42,641	—	—
<b>Total</b>	<b>539,726</b>	<b>385,509</b>	<b>82,815</b>	<b>75,709</b>	<b>1,976,976</b>	<b>2,410,265</b>	<b>226</b>	<b>295</b>
<b>EXPENSES</b>								
Rent, rates and taxes	66,702	66,702	—	—	—	—	—	—
Name Usage Fees	377,556	348,872	—	—	—	—	—	—
Electricity expenses	377	1,093	—	—	—	—	—	—
Claims paid direct	5	6	1,766	70,502	—	—	—	—
Commission paid	—	1	607,447	502,117	—	—	—	—
Employees' remuneration and welfare benefits	—	—	—	—	—	—	133,967	128,351
Premium on Reinsurance ceded	—	—	—	—	4,681,511	2,275,117	—	—
Interest on Debentures	—	—	—	—	132,312	129,200	—	—
Dividend	—	687,806	—	—	—	657,455	—	—
Insurance Premium Paid	—	—	—	12,112	—	—	—	—
Repairs (Office Maintenance)	1,582	3,866	—	—	—	—	—	—
Others	10	859	—	—	—	—	—	—
<b>Total</b>	<b>446,232</b>	<b>1,109,205</b>	<b>609,213</b>	<b>584,731</b>	<b>4,813,823</b>	<b>3,061,772</b>	<b>133,967</b>	<b>128,351</b>
<b>ASSETS</b>								
<b>Transactions during the year</b>								
Investment purchased during the year	200,000	—	1,207,525	—	—	—	—	—
Investment sold during the year	—	—	932,447	—	—	—	—	—

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

(₹ '000)

Particulars	Holding Company		Fellow Subsidiaries#		Investing Party and its group companies		Key Managerial Personnel (including relatives)	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
<b>Account Balances</b>								
Investments	5,295,620	3,488,034	—	121,072	—	—	—	—
Income accrued on investments	352,858	219,283	—	224	—	—	—	—
Other Receivable	26	—	—	—	9,759	10,897	—	—
<b>LIABILITIES</b>								
<b>Account Balances</b>								
Share Capital	3,058,417	3,056,917	—	—	2,922,023	2,922,023	—	—
Securities Premium	4,940,894	4,940,894	—	—	3,260,251	3,260,251	—	—
Debentures	—	—	—	—	2,100,000	1,700,000	—	—
Balance due to other insurance companies	—	—	—	—	3,014,006	696,468	—	—
Due to holding company	97,576	69,740	—	—	—	—	—	—
Interest Payable on Debentures	—	—	—	—	78,367	47,854	—	—
Unallocated premium	14,406	8,881	24,831	18,686	125	—	—	—
Agents' Balances	—	—	38,431	56,620	—	—	—	—

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

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

(₹ '000)

Particulars	Munich Re	ERGO International AG	HDFC AMC Ltd	HDFC Life	HDFC Sales Private Limited
<b>INCOME</b>					
Premium from direct business written - net of GST	(3)	—	14,544	9,328	47,108
Commission received on Reinsurance ceded	830,520	—	—	—	—
Claims on Reinsurance ceded	1,109,020	—	—	—	—
Other Income	—	37,439	—	—	—
<b>Total</b>	<b>1,939,537</b>	<b>37,439</b>	<b>14,544</b>	<b>9,328</b>	<b>47,108</b>



**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

(₹ '000)

Particulars	Munich Re	ERGO International AG	HDFC AMC Ltd	HDFC Life	HDFC Sales Private Limited
<b>EXPENSES</b>					
Claims paid direct	—	—	—	1,016	750
Premium on Reinsurance ceded	4,681,511	—	—	—	—
Interest on Debentures	2,846	129,466	—	—	—
Dividend	—	—	—	—	—
Commission Paid	—	—	—	—	607,447
Deputation Fees Paid	—	—	—	—	—
<b>Total</b>	<b>4,684,357</b>	<b>129,466</b>	<b>—</b>	<b>1,016</b>	<b>608,197</b>
<b>ASSETS</b>					
<b>Transactions during the year</b>					
Investment purchased during the year	—	—	656,840	550,685	—
Investment sold during the year	—	—	657,197	275,250	—
<b>Account Balances</b>					
Other Receivable	399	9,360	—	—	—
Interest accrued on investments	—	—	—	—	—
<b>LIABILITIES</b>					
<b>Account Balances</b>					
Share Capital	—	2,922,023	—	—	—
Securities Premium	—	3,260,251	—	—	—
Debentures	400,000	1,700,000	—	—	—
Balance due to other insurance companies	3,014,006	—	—	—	—
Interest Payable on Debentures	30,930	47,436	—	—	—
Unallocated Premium	125	—	18,291	263	4,162
Agent Balances	—	—	—	—	38,431

**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 2019-20:

(₹ '000)

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

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 2018-19:

(₹ '000)

Particulars	Munich Re	ERGO International AG	HDFC AMC Ltd	HDFC Life	HDFC Sales Private Limited
<b>INCOME</b>					
Premium from direct business written - net of GST	—	—	11,593	9,601	38,259
Commission received on Reinsurance ceded	428,571	—	—	—	—
Claims on Reinsurance ceded	1,939,053	—	—	—	—
Other Income	768	41,874	—	—	—
<b>Total</b>	<b>2,368,392</b>	<b>41,874</b>	<b>11,593</b>	<b>9,601</b>	<b>38,259</b>
<b>EXPENSES</b>					
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	—
<b>Total</b>	<b>2,275,117</b>	<b>786,655</b>	<b>69,394</b>	<b>13,220</b>	<b>502,117</b>
<b>ASSETS</b>					
<b>Account Balances</b>					
Other Receivable	768	10,129	—	—	—
<b>LIABILITIES</b>					
<b>Account Balances</b>					
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
Agent 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 2018-19:

(₹ '000)

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

#### 21. LOAN RESTRUCTURING

The Company has not given any loans in the financial year 2019-20 (Previous year ₹ Nil)

#### 22. SUMMARY OF FINANCIAL STATEMENTS

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

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

- During the year Foreign Exchange Gain (net) earned by the Company is ₹ 3,163 thousand (Previous year loss (net) incurred of ₹ 20,147 thousand) (included in Schedule 4 - Operating Expenses, under the head "Miscellaneous Expenses").
- The year end foreign currency exposure is ₹ Nil (Previous year ₹ Nil).

#### 24. (a) CONTRIBUTION TO TERRORISM POOL

The Company is a participant in and has received the Terrorism Pool retrocession of premium in the current financial year.

#### (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 ₹ 18,178 thousand (Previous year ₹ 14,249 thousand) on an accrual basis (see accounting policy in paragraph 2(u) above) and disclosed under Current Liabilities.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### (c) CONTRIBUTIONS TO ENVIRONMENT RELIEF FUND

During the year, an amount of ₹ 2,567 thousand (Previous year ₹ 3,021 thousand) was collected towards Environment Relief Fund for public liability policies and an amount of ₹ 2,707 thousand (Previous year ₹ 2,992 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 ₹ 32 thousand (Previous year ₹ 173 thousand) is included under balance due to other Insurance Companies in Schedule 13.

#### 25. EARNINGS PER SHARE (EPS)

Sr. No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1	Net Profit After Tax for the year (₹ '000)	3,269,418	3,829,877
2	Weighted Average No. of Equity Shares for Basic (₹ ₹000)	614,623	605,364
3	Weighted Average No. of Equity Shares for Diluted (₹ '000)	616,759	606,975
4	Basic Earnings per Share (₹)	5.32	6.33
5	Diluted Earnings per Share (₹)	5.30	6.31
6	Nominal Value per Share (₹)	10.00	10.00

There are 2,136 thousand (Previous year 1,611 thousand) dilutive potential equity shares outstanding during the year.

26. According to the information available with the Company there are no dues (Previous year ₹ Nil) including any overdue amount (Previous year ₹ Nil) interest due thereon (Previous year ₹ Nil) and interest paid during the year (Previous year ₹ Nil) to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2020.

#### 27. PREMIUM DEFICIENCY

There is no premium deficiency for the Company on an overall basis in accordance with Para 2(2) of Schedule II of Insurance Regulatory and Development Authority of India (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations, 2016 (Previous year ₹ Nil).

#### 28. STATEMENT SHOWING THE AGE-WISE ANALYSIS OF THE UNCLAIMED AMOUNT OF POLICYHOLDERS

The statement of age-wise analysis of the unclaimed amount of policyholders is provided in **Annexure 4**.

#### 29. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Ministry of Corporate Affairs has notified Section 135 of the Companies Act, 2013 on Corporate Social Responsibility with effect from April 1, 2014. As per the provisions of the said Section, the Company has undertaken the following CSR initiatives during the financial year 2019-20:

- “Adopt Village” program called “Gaon Mera” program introduced to improve the sanitation, healthcare, education and livelihood of villagers in selected villages i.e. Jamkhar & Jabalapur in Madhya Pradesh, Dombaramattur & Haveri in Karnataka, Mithivavdi & Patan in Gujarat and Singachauri & Sitamarhi in Bihar.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

- Besides the above, the other CSR related activities carried out by the Company included supply of free sanitary napkins and sponsoring of education of girl child in rural/semi urban areas, cataract surgeries for needy, providing support for cochlear implant treatment, bone marrow transplant and support to children undergoing cancer treatment etc.
- In addition, specific COVID-19 related CSR activities were carried out which included providing sanitizers and cotton masks for Mumbai Police, N95 masks for BMC run Nair Hospital staff and purchase of ventilators for hospitals.
- Roshni: Spreading light through education. The initiative is designed with the aspiration of making 10,000 families financially independent by educating, up-skilling and providing employment to the girl child in rural India in the next 5 years.

The Gross amount required to be spent by the Company on CSR initiatives is ₹ 72,460 thousand (Previous year ₹ 34,511 thousand).

The amount spent during the year is as follows:

(₹ '000)

Sr. No.	Particulars	Incurred and Paid For the year ended March 31, 2020	Incurred and Paid For the year ended March 31, 2019
1	Construction / acquisition of any asset	Nil	Nil
2	On purposes other than (1) above	74,969*	40,901

\*includes yet to be paid ₹ 1,280 thousand

### 30. PROVISION FOR FREE LOOK PERIOD

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

### 31. DISCLOSURE ON OTHER WORK GIVEN TO AUDITORS

Pursuant to clause 7.1(g) of Corporate Governance Guidelines issued by IRDAI on May 18, 2016 the services of the statutory auditors are disclosed below:

(₹ '000)

Name of the auditor	Services rendered	For the year ended March 31, 2020	For the year ended March 31, 2019
G. M. Kapadia & Co.	Review of quarterly financial information	1,416	1,416
	Certification	188	267
B. K. Khare & Co.	Tax Audit	472	472
	Certification	197	60

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

**32. PENALTIES LEVIED BY VARIOUS GOVERNMENT AUTHORITIES**

(₹ '000)

Sr. No.	Authority	Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority of India	N.A. Settlement of Total Loss cases under Motor at lesser value than Insured Declared Value (IDV).	Nil (500)	Nil (500)	Nil Nil
2	Goods & Service Tax Authorities	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
3	Income Tax Authorities	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4	Any other Tax Authorities	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
5	Enforcement Directorate/ Adjudicating Authority / Tribunal or any Authority under FEMA	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6	Registrar of Companies/ NCLT / CLB / Department of Corporate Affairs or any Authority under Companies Act, 2013 /1956	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
7	Penalty awarded by any Court / Tribunal for any matter including claim settlement but excluding compensation	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
8	Securities and Exchange Board of India	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
9	Competition Commission of India	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
10	Any other Central/State/ Local Government/Statutory Authority	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)

(Previous year's figures are in brackets)

33. As required by section 71 of the Companies Act, 2013, during the year, the Company has created Debenture Redemption Reserve of ₹ 24,300 thousand upto June 30, 2019 (Previous year ended March 31, 2019 ₹ 97,200 thousand) on 10 years 3,500 nos. of 7.60% Unsecured, Subordinated, Fully paid up, Listed, Redeemable Non-



## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

Convertible Debentures (NCDs) having face value of ₹ 1,000 thousand each, issued for cash at par under NCD Series 2016-17/1 with a call option after 5 years. Pursuant to the merger, the Company has taken over the Transferor Company's, 10 years, 800 nos. of 8.40% and 10 years, 740 nos. of 10.25% Unsecured, Subordinated, Fully paid up, Listed, Redeemable Non-Convertible Debentures (NCDs) having face value of ₹ 1,000 thousand each, issued for cash at par under NCD Series 2017-18/1 and 2018-19/1 respectively with a call option after 5 years.

Consequent to the issuance of the Companies (Share Capital and Debentures) Amendment Rules, 2019 ("Rules") on August 16, 2019 and in terms of Rule 18, sub-rule (7)(b)(iii)(B) of the said Rules, no Debenture Redemption Reserve has been created from the date of issuance of the said Rules.

34. During the year, the Company had received an amount of ₹ Nil (Previous year ₹ 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. This amount was accounted under Other Income.
35. The Company has evaluated the impact of the 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/Vivekanand Vidyamandir /284 dated March 20, 2019) issued by the EPFO in relation to non-inclusion of certain allowances from the definition of " basic wages " under EPF and Miscellaneous Provision Act, 1952. Based on the legal advice, with effect from April 2019, the Company has been depositing PF contribution on basic salary and certain other allowances which are paid to all the employees.
36. The IRDAI vide its Circular No. IRDA/F&A/CIR/MISC/099/04/2020 dated April 24, 2020 has refrained insurance companies from making dividend pay-outs from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that insurance companies must conserve capital in the interest of policyholders and economy at large, in an environment of heightened uncertainty caused by Covid-19. Accordingly, the Board of Directors of the Company, at their meeting held on May 8, 2020, has not proposed any dividend for the year ended March 31, 2020. During the previous year, the Board of Directors of the Company had approved the payment of an interim dividend of ₹ 2.25 per equity share of ₹ 10 each and accordingly an amount of ₹ 1,642,204 thousand (including Dividend Distribution Tax) was paid to the shareholders. No final dividend was recommended by the Board.
37. (a) In light of the Covid-19 outbreak and the information available upto the date of approval of these financial statements, the Company has assessed the impact of Covid-19 and the lock-down announced by the Central Government, on its operations and its financial statements. The assessment includes but is not limited to valuation of investments, valuation of policy-related liabilities and solvency position of the Company as at March 31, 2020. Further, there have been no material changes in the controls or processes followed (except for the accounting of premium in relation to Motor third party liability cases as directed by IRDAI and as mentioned below) in the financial closing process of the Company. The Company continues to closely monitor the implications of Covid-19 on its operations and financial statements, which are dependent on emerging uncertain developments.
- (b) The Authority vide Circular No. IRDAI/NL/CIR/MOT/081/04/2020 dated April 3, 2020 has provided clarifications on its Circular No. IRDAI/NL/CIR/MOT/079/04/2020 dated April 2, 2020 issued in relation to accounting of premium on the Motor third party liability cases falling due for renewal during the lockdown period (25<sup>th</sup> March, 2020 to 14<sup>th</sup> April, 2020)(subsequently extended to 3<sup>rd</sup> May, 2020) as a result of Covid-19 pandemic.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

Accordingly, the Company has booked Gross written premium of ₹ 421,257 thousand for both Standalone Motor Third Party and TP portion of Package policies falling due for renewal during the period from March 25, 2020 to March 31, 2020 and for which premium has not yet been received during FY 2019-20 and which has accordingly been reflected under Outstanding Premium. The Net Earned Premium on the premium booked is ₹ 2,321 thousand and an Unexpired Risk reserve of ₹ 288,347 thousand and a claims reserve of ₹ 911 thousand has been created on the same for FY 2019-20.

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

#### A) Profit & Loss Account and Revenue Account

(₹ in '000)

Sr. No.	Description	Regrouped from	Regrouped to	Amount
1	Accretion / (Amortisation) of Debt Securities*	Profit & Loss Account : Accretion / (Amortisation) of Debt Securities	Profit & Loss Account : Interest, Dividend and Rent – Gross	(35,618)
2	Accretion / (Amortisation) of Debt Securities*	Revenue Account : Accretion / (Amortisation) of Debt Securities	Revenue Account : Interest, Dividend and Rent – Gross	(82,768)
3	Payment Gateway Charges	Schedule 4 - Operating Expenses Related to Insurance Business : Legal and Professional charges	Schedule 4 - Operating Expenses Related to Insurance Business : Interest and bank charges	31,406

\*Regrouping has been done in terms of the requirements of Para 3 of IRDAI Circular No. IRDA/F&A/CIR/MISC/081/05/2019 dated May 20, 2019, to adhere to the format prescribed by IRDA (Preparation of Financial Statement and Auditors Report of Insurance Companies) Regulation 2002.

#### B) Balance Sheet

(₹ in '000)

Sr. No.	Description	Regrouped from	Regrouped to	Amount
1	Unclaimed Amount of Policyholders (Investment)	Schedule 11 - Cash & Bank Balance : Deposit Accounts (Short term)	Schedule 12 - Advances and Other Assets : Unclaimed amount of Policyholders (Investment)	133,798
		Schedule 11 - Cash & Bank Balance : Deposit Accounts (Short term)	Schedule 12 - Advances and Other Assets : Income on Unclaimed amount of Policyholders (Investment)	17,619
2	Income on Unclaimed Amount of Policyholders (Investment)	Schedule 12 - Advance and Other Assets : Advance to Suppliers	Schedule 12 - Advances and Other Assets : Income on Unclaimed amount of Policyholders (Investment)	7,843

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

(₹ in '000)

Sr. No.	Description	Regrouped from	Regrouped to	Amount
3	Unclaimed Amount of Policyholders – Income thereon	Schedule 13 – Current Liabilities : Unclaimed Amount of Policyholders	Schedule 13 – Current Liabilities : Unclaimed Amount of Policyholders – Income thereon	25,462
4	Amount transferred to Senior Citizen Welfare Fund (SCWF) which subsequently claimed by Policyholder, adjusted against Unclaimed Amount of Policyholders	Schedule 13 – Current Liabilities : Unclaimed Amount of Policyholders	Schedule 12 – Advances and Other Assets : Advance to Suppliers	43

The Receipts and Payments Account has accordingly been appropriately represented.

Signature to the Notes to Accounts

For and on behalf of the Board of Directors

**Keki M. Mistry**  
Director  
(DIN: 00008886)

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

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

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

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

Mumbai,  
Dated: November 13, 2020

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### Annexure 1

#### Segmental Breakup of the Balance Sheet as at March 31, 2020

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	1,079,659	488,844	45,993,376	—	47,561,879
(Refer note 2(h))	(827,002)	(506,522)	(34,253,316)	—	(35,586,841)
Reserve for Unexpired Risk	2,970,513	193,383	39,102,716	—	42,266,612
	(2,163,723)	(195,678)	(26,054,115)	—	(28,413,516)

(Previous year's figures are in brackets)

**Schedule - 16 (Continued)**  
**NOTES TO ACCOUNTS**

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2020**

**Annexure 1**

	Fire	Marine Cargo	Marine-Hull	Motor	MotorOD	MotorTP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty *	Weather/Crop	Others	Total
	(₹ '000)																		
Premium Earned (Net) (Schedule - A)	1,459,430	719,855	1,396	24,218,975	12,696,411	11,522,564	180,985	17,302	3,881	334,385	510,171	3,327	4,201,836	7,693,565	17,289	553,841	3,783,100	804,177	44,503,515
Profit on Sale of Investments	29,659	5,767	65	379,827	68,797	311,030	2,013	141	79	2,470	4,355	989	65,915	115,019	344	3,677	28,948	8,727	647,996
Interest, Rent and Dividend (Net of Amortisation)	305,323	59,365	669	3,910,042	708,214	3,201,828	20,723	1,449	818	25,431	44,832	10,185	678,545	1,184,038	3,546	37,849	298,001	89,841	6,670,657
Investment Income from Pool	30,188	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,188
Other Income	1,487	750	1	25,238	13,231	12,008	189	18	4	348	524	-	4,379	10,163	18	577	3,942	838	48,477
<b>Total Segmental Revenue</b>	<b>1,826,087</b>	<b>785,738</b>	<b>2,131</b>	<b>28,534,082</b>	<b>13,486,653</b>	<b>15,047,430</b>	<b>203,909</b>	<b>18,911</b>	<b>4,783</b>	<b>362,635</b>	<b>559,882</b>	<b>14,502</b>	<b>4,950,674</b>	<b>9,002,786</b>	<b>21,198</b>	<b>595,944</b>	<b>4,113,992</b>	<b>903,583</b>	<b>51,900,833</b>
Claims Incurred (Net) (Schedule - B)	1,021,394	585,969	3,530	19,183,282	10,380,603	8,802,679	172,947	2,835	814	164,347	710,273	(24,053)	1,866,261	7,280,825	13,036	114,388	3,273,563	871,774	35,241,188
Commission (Net) (Schedule - C)	(292,127)	96,668	(1,350)	1,066,682	2,161,410	(1,094,727)	23,520	2,293	638	38,050	(136,297)	(5,422)	(335,145)	(15,092,331)	741	39,057	(1,091,386)	(15,732)	(2,119,040)
Operating Expenses Related to Insurance Business (Schedule - D)	1,605,038	258,829	34,717	5,034,782	2,367,567	2,740,926	30,305	5,956	709	128,033	300,276	19,164	994,019	2,417,165	1,769	255,205	3,436,141	287,639	14,809,749
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Segmental Expenditure</b>	<b>2,334,304</b>	<b>941,466</b>	<b>36,897</b>	<b>25,284,746</b>	<b>14,909,580</b>	<b>10,448,878</b>	<b>226,772</b>	<b>11,085</b>	<b>2,161</b>	<b>330,430</b>	<b>874,253</b>	<b>(10,310)</b>	<b>2,525,135</b>	<b>8,188,759</b>	<b>15,547</b>	<b>408,651</b>	<b>5,618,318</b>	<b>1,143,681</b>	<b>47,931,897</b>
<b>Segmental Profit/(Loss)</b>	<b>(508,217)</b>	<b>(155,728)</b>	<b>(34,766)</b>	<b>3,249,336</b>	<b>(1,422,927)</b>	<b>4,598,552</b>	<b>(22,863)</b>	<b>7,826</b>	<b>2,621</b>	<b>32,205</b>	<b>(314,371)</b>	<b>24,812</b>	<b>2,425,539</b>	<b>814,027</b>	<b>5,651</b>	<b>187,293</b>	<b>(15,043,326)</b>	<b>(240,098)</b>	<b>3,968,937</b>

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

**SCHEDULE - A to Annexure 1**

	Fire	Marine Cargo	Marine-Hull	Motor	MotorOD	MotorTP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/Crop	Others	Total
	(₹ '000)																		
<b>PREMIUM EARNED (NET)</b> (Refer Notes 8 and 9 of Schedule 16)																			
Premium from direct business written-net of GST	9,794,450	1,613,803	230,254	33,880,743	15,702,268	18,175,476	200,988	36,112	3,994	807,010	1,910,877	127,101	6,578,534	16,031,212	11,731	1,530,512	21,631,396	1,907,156	96,295,574
Add: Premium on Re-insurance accepted	891,437	102,814	-	-	-	-	-	3,389	708	42,137	87,961	-	14,038	-	-	162,071	-	535	1,305,091
Less: Premium on Re-insurance ceded	(8,419,667)	(998,423)	(229,493)	(8,570,203)	(3,194,070)	(5,676,132)	(13,647)	(22,181)	(1,445)	(509,160)	(1,348,224)	(124,003)	(2,196,287)	(6,440,766)	(3,444)	(1,060,868)	(17,829,996)	(864,501)	(48,932,306)
Net Premium	2,266,220	718,194	761	25,101,541	12,508,198	12,502,343	187,341	17,320	3,257	339,988	650,615	3,098	4,396,285	9,590,447	8,287	631,715	3,801,400	1,043,190	48,668,660
Add/(Less): Adjustment for changes in reserve for unexpired risks	(806,790)	1,661	634	(791,566)	188,213	(979,779)	(6,356)	(17)	624	(5,603)	(140,444)	229	(194,452)	(1,896,880)	9,003	(77,874)	(18,300)	(239,015)	(4,165,145)
<b>Total Premium Earned</b>	<b>1,459,430</b>	<b>719,855</b>	<b>1,396</b>	<b>24,218,975</b>	<b>12,696,411</b>	<b>11,522,564</b>	<b>180,985</b>	<b>17,302</b>	<b>3,881</b>	<b>334,385</b>	<b>510,171</b>	<b>3,327</b>	<b>4,201,836</b>	<b>7,693,565</b>	<b>17,289</b>	<b>553,841</b>	<b>3,783,100</b>	<b>804,177</b>	<b>44,503,515</b>

**Schedule - 16 (Continued)**  
**NOTES TO ACCOUNTS**

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

	Fire	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/Crop	Others	Total
CLAIMS INCURRED (NET (Refer Note 7 of Schedule 16)																			
	3,458,660	1,195,616	42,410	16,052,977	13,026,967	3,026,010	122,377	36	-	273,052	887,857	132,705	1,927,247	9,043,611	4,538	562,538	8,579,875	992,979	43,276,477
	234,881	95,902	-	-	-	-	-	-	-	34,267	13,322	27,785	6	3,967	-	-	-	-	410,130
	(2,924,805)	(684,474)	(42,276)	(3,177,764)	(2,964,974)	(212,790)	(6,198)	(2)	-	(157,058)	(413,927)	(126,177)	(581,888)	(2,145,852)	(278)	(473,153)	(6,768,645)	(316,748)	(17,819,245)
	768,736	607,044	133	12,875,213	10,061,993	2,813,219	116,179	35	-	150,261	487,252	34,313	1,345,365	6,901,727	4,260	89,385	1,811,230	676,230	25,867,362
	1,079,659	480,513	8,331	35,162,149	1,936,519	33,225,630	189,817	11,027	8,612	148,886	406,368	88,080	1,267,255	4,035,386	14,936	196,600	3,986,643	477,617	47,561,878
	-	-	-	-	-	-	-	-	-	-	-	-	(116,339)	(2,484,875)	-	-	-	-	(2,601,214)
	(827,002)	(501,588)	(4,934)	(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)	(35,586,940)
	1,021,394	585,969	3,530	19,183,282	10,380,603	8,802,679	172,947	2,835	814	164,347	710,273	(24,053)	1,866,261	7,280,825	13,036	114,388	3,273,563	871,774	35,241,188

**SCHEDULE - C to Annexure 1**

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total
(₹ '000)																			
COMMISSION PAID (NET)																			
Commission paid direct	860,376	180,992	1,845	3,048,423	2,800,957	247,466	25,999	2,593	600	84,187	119,063	4,602	821,333	2,056,885	1,054	164,247	37,427	107,501	7,517,128
Add: Commission paid on Re-insurance accepted	47,297	4,652	-	-	-	-	-	733	124	8,595	6,018	-	767	-	-	28,208	-	5	96,398
Less: Commission received on Re-insurance ceded	(1,199,799)	(88,975)	(3,196)	(1,981,739)	(639,546)	(1,342,193)	(2,479)	(1,032)	(86)	(54,733)	(261,378)	(10,024)	(1,157,245)	(3,566,116)	(313)	(153,398)	(1,128,813)	(123,239)	(9,732,566)
Net commission paid/(received)	(292,127)	96,668	(1,350)	1,066,682	2,161,410	(1,094,727)	23,520	2,293	638	38,050	(136,297)	(5,422)	(335,145)	(1,509,231)	741	39,057	(1,091,386)	(15,732)	(2,119,040)



**Schedule - 16 (Continued)**  
**NOTES TO ACCOUNTS**

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

	Fire	Marine Cargo	Marine-Hull	Motor	MotorOD	MotorTP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/Crop	Others	Total
	(₹ '000)																		
<b>OPERATING EXPENSES RELATED TO INSURANCE BUSINESS</b>																			
Employees remuneration and welfare benefits	453,341	73,203	9,819	1,444,797	689,801	775,196	8,571	1,684	200	36,211	84,925	5,420	281,131	683,629	500	72,178	922,441	81,351	4,160,002
Travel, conveyance and vehicle running expenses	33,135	5,343	717	105,461	48,877	56,585	626	123	15	2,643	6,199	396	20,521	49,901	37	5,269	67,333	5,938	303,655
Training expenses	80,933	13,051	1,751	257,593	119,383	138,210	1,528	300	36	6,456	15,141	966	50,123	121,884	89	12,869	164,462	14,504	741,688
Rents, rates and taxes	43,008	6,937	930	136,917	63,455	73,462	812	160	19	3,432	8,048	514	26,642	64,785	47	6,840	87,416	7,709	394,226
Repairs	15,654	2,524	339	49,824	23,091	26,732	296	58	7	1,249	2,929	187	9,895	23,575	17	2,489	31,810	2,805	143,457
Printing and stationery	18,773	3,027	406	59,750	27,691	32,058	354	70	8	1,497	3,512	224	11,626	28,271	21	2,985	38,448	3,364	172,037
Communication	6,352	1,024	137	20,216	9,369	10,847	120	24	3	507	1,188	76	3,934	9,566	7	1,010	12,907	1,138	58,209
Legal and professional charges	327,318	52,784	7,080	968,074	482,822	558,962	6,180	1,215	145	26,110	61,236	3,908	202,712	492,937	361	52,044	665,134	58,659	2,925,887
Auditors' fees, expenses etc																			
(a) as auditors	1,032	166	22	3,283	1,522	1,762	19	4	-	82	193	12	639	1,554	1	164	2,096	185	9,463
(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	505	81	11	1,608	745	863	10	2	-	40	95	6	313	761	1	80	1,027	91	4,631
Advertisement and publicity	466,719	75,263	10,095	1,485,467	688,450	797,017	8,812	1,732	206	37,230	87,316	5,573	289,045	702,872	514	74,210	948,407	83,641	4,277,101
Interest and bank charges	28,978	4,673	627	92,229	42,744	49,485	547	108	13	2,312	5,421	346	17,946	43,640	32	4,608	233,473	5,193	440,144
Others:																			
Electricity expenses	8,973	1,447	194	28,560	13,336	15,324	169	33	4	716	1,679	107	5,557	13,514	10	1,427	18,234	1,608	82,232
Office expenses	4,219	680	91	13,429	6,224	7,205	80	16	2	337	789	50	2,613	6,354	5	671	8,574	756	38,667
Miscellaneous expenses	10,821	1,745	234	34,441	15,962	18,479	204	40	5	863	2,024	129	6,702	16,296	12	1,721	21,989	1,939	99,167
Information Technology expenses	44,023	7,099	952	140,116	64,938	75,178	831	163	19	3,512	8,216	526	27,264	66,298	49	7,000	89,658	7,889	403,436
Postage and courier	16,113	2,598	349	51,285	23,768	27,516	304	60	7	1,285	3,015	192	9,979	24,266	18	2,562	32,743	2,888	147,664
Loss/(Profit) on sale of assets (net)	(112)	(18)	(2)	(357)	(166)	(192)	(2)	-	-	(9)	(21)	(1)	(70)	(169)	-	(18)	(228)	(20)	(1,028)
Depreciation	44,643	7,199	966	142,088	65,552	76,236	843	166	20	3,561	8,352	533	27,648	67,231	49	7,098	90,717	8,000	409,113
<b>Total Operating Expenses</b>	<b>1,605,038</b>	<b>288,829</b>	<b>34,717</b>	<b>5,034,782</b>	<b>2,367,567</b>	<b>2,740,926</b>	<b>30,305</b>	<b>5,956</b>	<b>709</b>	<b>128,033</b>	<b>300,276</b>	<b>19,164</b>	<b>994,019</b>	<b>2,417,165</b>	<b>1,769</b>	<b>255,205</b>	<b>3,456,141</b>	<b>287,639</b>	<b>14,899,749</b>

**Schedule - 16 (Continued)**  
**NOTES TO ACCOUNTS**

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2019**  
**Annexure 1**

(₹ '000)

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty *	Weather/ 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	35,434	515	3,821,350	6,710,341	16,555	457,282	3,877,621	610,653	38,100,107
Profit on Sale of Investments	29,234	6,720	56	367,275	74,413	292,863	1,800	148	97	2,289	3,323	1,662	67,770	59,643	420	3,720	28,211	7,131	578,999
Interest, Rent and Dividend (Net of Amortisation)	254,179	59,431	485	3,193,294	6,46,885	2,546,309	15,647	1,289	846	19,903	28,893	14,449	594,881	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
<b>Total Segmental Revenue</b>	<b>1,321,277</b>	<b>667,743</b>	<b>2,152</b>	<b>23,804,665</b>	<b>12,400,591</b>	<b>11,404,074</b>	<b>156,658</b>	<b>17,966</b>	<b>6,502</b>	<b>305,582</b>	<b>387,709</b>	<b>16,625</b>	<b>4,479,523</b>	<b>7,299,132</b>	<b>20,651</b>	<b>494,065</b>	<b>4,157,227</b>	<b>680,747</b>	<b>43,818,212</b>
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	31,268	62,821	1,191,921	5,368,123	2,943	102,327	3,639,688	621,221	28,091,815
Commission (Net) (Schedule - C)	(549,937)	100,086	(8,162)	1,777,771	2,192,970	(415,099)	21,735	2,536	886	52,641	(103,186)	(6,577)	(297,259)	(1,467,538)	1,222	41,491	(972,399)	(119,365)	(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	200,061	35,535	890,206	1,634,453	3,199	172,617	2,854,211	214,732	11,313,294
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Segmental Expenditure</b>	<b>987,916</b>	<b>859,457</b>	<b>41,964</b>	<b>22,219,482</b>	<b>13,447,684</b>	<b>8,802,299</b>	<b>139,215</b>	<b>6,103</b>	<b>1,142</b>	<b>241,836</b>	<b>409,483</b>	<b>91,779</b>	<b>1,794,867</b>	<b>5,535,038</b>	<b>7,364</b>	<b>316,435</b>	<b>5,621,480</b>	<b>716,588</b>	<b>38,879,154</b>
<b>Segmental Profit/(Loss)</b>	<b>333,361</b>	<b>(190,714)</b>	<b>(39,812)</b>	<b>1,585,183</b>	<b>(1,016,593)</b>	<b>2,601,775</b>	<b>17,443</b>	<b>11,863</b>	<b>5,359</b>	<b>63,746</b>	<b>(21,774)</b>	<b>(75,154)</b>	<b>2,694,655</b>	<b>1,764,093</b>	<b>13,286</b>	<b>177,630</b>	<b>(1,364,253)</b>	<b>(35,841)</b>	<b>4,939,058</b>

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

**SCHEDULE - A to Annexure 1**

(₹ '000)

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total
<b>PREMIUM EARNED (NET)</b>																			
(Refer note 8 and 9 of Schedule 16)																			
Premium from direct business written-net of GST	7,196,478	1,423,722	377,703	30,599,856	16,351,195	14,249,661	193,318	35,745	10,095	825,745	1,490,983	280,321	6,944,803	12,787,131	25,028	1,261,306	20,994,017	1,678,454	86,128,508
Add: Premium on Re-insurance accepted	734,006	125,023	-	-	-	-	-	1,592	358	38,341	81,768	(2,311)	19,558	77	-	89,173	-	1,509	1,089,495
Less: Premium on Re-insurance ceded	(6,869,655)	(895,928)	(376,308)	(7,054,199)	(3,745,085)	(3,309,114)	(31,209)	(18,692)	(4,606)	(523,750)	(1,211,460)	(278,104)	(2,112,010)	(5,127,818)	(8,148)	(868,960)	(17,193,857)	(935,425)	(43,490,129)
Net Premium	1,060,828	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
Add/(Less): Adjustment for changes in reserve for unexpired risks	(69,458)	(51,174)	213	(3,333,412)	(945,292)	(2,388,120)	(23,117)	(2,152)	(297)	(61,393)	(6,347)	609	(1,031,202)	(949,049)	(325)	(24,237)	77,461	(133,887)	(5,627,767)
<b>Total Premium Earned</b>	<b>991,370</b>	<b>601,643</b>	<b>1,609</b>	<b>20,212,245</b>	<b>11,660,818</b>	<b>8,551,427</b>	<b>138,992</b>	<b>16,493</b>	<b>5,550</b>	<b>282,944</b>	<b>35,434</b>	<b>515</b>	<b>3,821,350</b>	<b>6,710,341</b>	<b>16,555</b>	<b>457,282</b>	<b>3,877,621</b>	<b>610,653</b>	<b>38,100,107</b>

**Schedule - 16 (Continued)**  
**NOTES TO ACCOUNTS**

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

	Fire	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/Crop	Others	Total
CLAIMS INCURRED [NET] (Refer note 7 of Schedule 16)																			
Claims paid direct	2,776,589	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	18,608,349	1,210,825	49,949,399
Add: Claims on Reinsurance accepted	162,601	85,316	-	-	-	-	-	-	-	-	6,818	71,565	1,627	16,862	-	286	-	-	345,075
Less: Reinsurance ceded	(2,474,923)	(663,867)	(137,917)	(5,244,554)	(2,822,988)	(2,421,586)	(3,383)	-	-	(1,121,656)	(323,893)	(170,211)	(477,744)	(1,621,029)	(440)	(81,414)	(14,794,668)	(64,656)	(27,762,269)
Net Claims paid	464,267	564,097	142	10,259,402	8,762,460	1,496,921	61,103	3	-	30,744	313,263	101,140	1,199,278	5,054,933	5,234	100,663	3,813,680	564,255	22,532,205
Add: Claims Outstanding at the end of the year	827,002	501,588	4,934	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)	(22,563,023)	(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)	(2,688,323)	(225,108)	(29,027,229)
Total Claims Incurred	528,742	560,411	1,849	16,530,468	9,134,315	7,396,143	92,771	(1,205)	(1,079)	78,236	312,608	62,821	1,191,921	5,368,123	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 Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total
(₹ '000)																			
COMMISSION PAID [NET]																			
Commission paid direct	560,518	177,467	13,296	3,109,829	2,943,480	166,349	23,711	2,989	1,308	98,155	105,251	5,548	828,854	1,411,611	1,663	145,877	4,858	67,724	6,558,658
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	(1,141,530)	(84,216)	(21,458)	(1,332,058)	(750,610)	(581,448)	(1,976)	(768)	(458)	(53,057)	(214,135)	(12,210)	(1,126,521)	(2,879,158)	(441)	(122,238)	(977,257)	(187,108)	(8,154,588)
Net commission paid/(received)	(549,837)	100,086	(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)	(119,365)	(1,525,955)

## Schedule - 16 (Continued)

### NOTES TO ACCOUNTS

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

	Fire	Marine Cargo	Marine Hull	Motor	Motor OD	Motor TP	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Hone	Specialty	Weather/ Crop	Others	Total
																			(₹ '000)
<b>OPERATING EXPENSES RELATED TO INSURANCE BUSINESS</b>																			
Employees' remuneration and welfare benefits	304,259	59,693	14,558	1,179,408	630,223	549,185	7,451	1,439	403	33,459	60,327	10,715	288,035	492,857	965	52,051	809,171	64,751	3,359,941
Travel, conveyance and vehicle running expenses	15,523	3,065	747	60,559	32,360	28,199	383	74	21	1,718	3,098	550	13,783	25,307	50	2,673	41,546	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	93,543	183	9,879	153,579	12,290	637,711
Rents, rates and taxes	34,032	6,677	1,628	131,918	70,481	61,427	833	161	45	3,742	6,748	1,199	30,025	55,127	108	5,822	90,507	7,242	375,514
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	36,527	2,955	153,355
Printing and stationery	13,430	2,635	643	52,057	27,517	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	4,822	8,486	17	896	13,532	1,115	57,852
Legal and professional charges	216,908	42,556	10,378	840,806	449,289	391,517	5,312	1,026	287	23,853	43,007	7,639	191,368	351,360	688	37,108	576,852	46,161	2,395,319
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	216,946	42,563	10,380	840,953	449,368	391,585	5,313	1,026	287	23,857	43,015	7,640	191,402	351,421	688	37,114	576,963	46,169	2,395,738
Interest and bank charges	21,783	4,274	1,042	84,436	45,119	39,317	533	103	29	2,395	4,319	767	19,218	35,285	69	3,726	228,699	4,636	411,314
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	5,859	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	26,203	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	7,268	1,291	32,340	59,377	116	6,271	97,485	7,801	404,790
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	36,688	2,934	152,259
Loss / Profit on sale of assets (Net)	263	52	13	1,020	545	475	6	1	-	29	52	9	232	426	1	45	699	56	2,904
Depreciation	30,541	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
<b>Total Operating Expenses</b>	<b>1,009,011</b>	<b>197,960</b>	<b>48,278</b>	<b>3,911,254</b>	<b>2,090,000</b>	<b>1,821,255</b>	<b>24,710</b>	<b>4,772</b>	<b>1,336</b>	<b>110,958</b>	<b>200,661</b>	<b>35,535</b>	<b>890,206</b>	<b>1,634,453</b>	<b>3,199</b>	<b>172,617</b>	<b>2,854,211</b>	<b>214,732</b>	<b>11,313,294</b>

**Schedule - 16 (Continued)**

**NOTES TO ACCOUNTS**

**Annexure 2**  
**Ratios for Non-Life Companies**

Sr. No.	Performance Ratio	As on 31st March 2020				As on 31st March 2019			
		Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
1	Gross premium growth rate (refer note 1a and 1b)	36.10%	2.37%	9.76%	11.80%	16.07%	24.59%	18.20%	18.15%
	Gross Premium for Current period / Gross Premium for Previous period								
2	Gross Premium to shareholders' fund ratio	NA	NA	NA	3.79	NA	NA	NA	4.34
	Gross Premium for Current period / (Paid up Capital plus Free Reserves)								
3	Growth rate of shareholders' funds	NA	NA	NA	28.27%	NA	NA	NA	12.56%
	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)	21.21%	36.93%	53.77%	49.86%	13.38%	33.96%	54.31%	50.14%
	Net Premium / Gross Premium								
5	Net commission ratio (refer note 1a and 1b)	-12.89%	13.26%	-4.21%	-4.35%	-51.83%	14.05%	-2.54%	-3.49%
	Net Commission / Net Premium								
6	Expenses of Management to gross direct Premium ratio	25.17%	25.83%	22.90%	23.19%	21.81%	24.26%	20.57%	20.75%
	Operating Expenses + Gross Commission/ Gross Premium								
7	Expenses of Management to Net written Premium ratio	108.79%	66.26%	42.43%	45.88%	147.95%	66.80%	37.76%	40.87%
	Operating Expenses + Gross Commission/ Net Premium								
8	Net Incurred Claims to Net Earned Premium	69.99%	81.73%	79.46%	79.19%	53.33%	93.20%	76.70%	76.36%
	Net incurred Claim / Net earned premium								
9	Combined ratio	127.92%	135.82%	103.52%	105.26%	96.62%	144.89%	98.10%	98.74%
	Net incurred Claim, Net Commission plus Operating Expense / Net Premium + Net earned premium								
10	Technical reserves to net Premium ratio	1.79	0.95	1.86	1.85	2.82	1.07	1.44	1.46
	Reserve for Unexpired Risks plus Deficiency Reserve plus Reserve for Outstanding Claims / Net Premium								
11	Underwriting balance ratio	-0.60	-0.36	-0.05	-0.08	0.00	-0.49	-0.01	-0.02
	Underwriting Profit / Net Premium								
12	Operating profit ratio	-34.82%	-26.41%	11.03%	8.92%	33.63%	-38.21%	13.25%	12.96%
	Underwriting Profit plus Investment Income / Net Premium								
13	Liquid assets to liabilities ratio	NA	NA	NA	0.31	NA	NA	NA	0.20
	Liquid Assets of the Insurer / Policyholders' Liabilities								
14	Net earnings ratio	NA	NA	NA	6.72%	NA	NA	NA	8.76%
	Profit after Tax / Net Premium								
15	Return on net worth	NA	NA	NA	12.86%	NA	NA	NA	19.32%
	Profit After Tax / Net Worth								
16	Available Solvency Margin (ASM) to Required Solvency Margin (RSM)	NA	NA	NA	1.78	NA	NA	NA	1.75
	ASM / RSM								
17	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, 2020

Sr. No.	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
1	Gross premium growth rate Gross Premium for Current period / Gross Premium for Previous period	-3.97%	27.58%	10.72%	1.03%	-60.44%	28.16%	-54.66%	-5.27%	25.37%	-2.74%	-53.13%	21.34%	3.04%	13.63%	9.76%
2	Net retention ratio Net Premium / Gross Premium	79.66%	68.78%	73.82%	43.85%	69.27%	32.55%	2.44%	66.69%	59.82%	40.04%	70.64%	37.32%	17.57%	54.68%	53.77%
3	Net commission ratio Net Commission / Net Premium	17.28%	-8.76%	4.26%	13.24%	19.60%	-20.95%	-175.01%	-7.62%	-15.74%	11.19%	8.95%	6.18%	-28.71%	-1.51%	-4.21%

1b. 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					
		MotorOD	Motor-TP	Motor Total								Other Liability	Home	Specialty	Weather/ Crop		Others
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%	32.31%	18.20%
2	Net retention ratio Net Premium / Gross Premium	77.10%	76.78%	76.95%	83.86%	49.94%	55.94%	22.97%	-0.03%	69.67%	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%	7013.28%	-6.13%	-19.16%	15.29%	7.24%	8.62%	-25.59%	-15.61%	-2.54%

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



## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

## Summary of Financial Statements

### Annexure 3

Sr. No.	Particulars	2019-20 (₹ '000)	2018-19 (₹ '000)	2017-18 (₹ '000)	2016-17 (₹ '000)	2015-16 (₹ '000)
	<b>OPERATING RESULTS</b>					
1	Gross Written Premium	97,600,965	87,218,003	74,011,117	22,524,054	4,825,612
2	Net Premium Income	48,668,660	43,727,874	34,554,756	9,991,352	3,646,100
3	Income from Investments (net)	7,318,655	5,613,146	4,814,513	1,732,409	322,435
4	Other Income (includes provision written back)	78,665	104,959	79,176	21,305	13,788
5	<b>Total Income</b>	<b>56,065,980</b>	<b>49,445,980</b>	<b>39,448,445</b>	<b>11,745,066</b>	<b>3,982,323</b>
6	Commission (net)	(2,119,040)	(1,525,955)	(2,684,241)	(1,524,143)	91,727
7	Operating Expenses	14,809,749	11,313,294	10,544,703	4,651,511	2,137,126
8	Premium Deficiency	—	—	—	—	—
9	Net Incurred Claims	35,241,187	29,091,815	22,266,806	7,697,974	2,226,520
10	Change in Unexpired Risk Reserve	4,165,145	5,627,767	4,609,759	100,332	667,769
11	<b>Operating Profit / (Loss)</b>	<b>3,968,939</b>	<b>4,939,059</b>	<b>4,711,418</b>	<b>819,392</b>	<b>(1,140,819)</b>
	<b>NON-OPERATING RESULTS</b>					
12	Total Income under shareholder's account	620,710	(266,762)	421,263	394,632	120,662
13	Profit / (Loss) before tax	4,589,649	4,672,297	5,132,681	1,214,024	(1,020,157)
14	Provision for tax	1,320,231	842,419	1,095,624	(30,070)	—
15	Profit / (Loss) after tax	3,269,418	3,829,877	4,037,057	1,244,094	(1,020,157)
	<b>MISCELLANEOUS</b>					
16	Policyholders' Account :					
	Total Funds	115,988,644	72,068,296	63,433,015	51,092,887	4,837,373
	Total Investments (Refer note 2 (p) and 10 of schedule 16)	115,988,644	72,068,296	63,433,015	51,092,887	4,837,373
	Yield on Investments	8.1%	8.2%	8.2%	6.2%	8.6%
17	Shareholders' Account :					
	Total Funds	25,429,010	19,823,885	17,611,118	14,848,389	1,419,859
	Total Investments (Refer note 2 (p) and 10 of schedule 16)	19,780,184	18,971,760	18,154,614	18,230,354	1,113,719
	Yield on Investments	8.1%	8.2%	8.2%	6.2%	8.6%
18	Paid up equity capital	6,058,421	6,054,221	6,050,718	6,004,659	7,050,000
19	Net worth	25,429,010	19,823,885	17,611,118	14,848,389	1,419,859
20	Total Assets	25,429,010	19,823,885	17,611,118	14,848,389	1,419,859
21	Yield on Total Investments	8.1%	8.2%	8.2%	6.2%	8.6%
22	Earnings per Share (Basic) (₹)	5.32	6.33	6.70	2.07	(1.59)
23	Book Value per Share (₹)	41.97	32.74	29	24.73	2.01
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	5,910 (1,467)	— (—)	2,525 (—)	564 (—)	15 (—)	184 (100)	138 (26)	2,467 (1,341)	17 (—)
Cheques issued but not encashed by the policyholder/insured (refer note below) - Premium	74,936 (47,424)	— (—)	6,543 (1,293)	2,412 (2,373)	2,179 (3,562)	3,473 (2,675)	4,192 (3,217)	55,452 (34,067)	684 (238)
- Claims - MACT	91,899 (69,313)	— (—)	11,556 (9,454)	20,609 (16,877)	7,589 (12,445)	11,414 (7,642)	9,294 (3,895)	31,074 (18,987)	364 (13)
- Claims - Non MACT	98,503 (110,370)	— (—)	12,357 (23,645)	1,551 (3,840)	991 (16,732)	2,256 (5,719)	15,506 (3,481)	62,081 (55,201)	3,746 (1,752)
<b>TOTAL</b>	<b>271,248</b> <b>(228,573)</b>	— (—)	<b>32,981</b> <b>(34,391)</b>	<b>25,136</b> <b>(23,090)</b>	<b>10,775</b> <b>(32,739)</b>	<b>17,327</b> <b>(16,136)</b>	<b>29,130</b> <b>(10,619)</b>	<b>151,074</b> <b>(109,595)</b>	<b>4,826</b> <b>(2,003)</b>

(Previous year's figures are in brackets)

**Note:** The Policyholder due includes amount of ₹ 2,280 thousand (Previous year ₹ 317 thousand) pertains to cheques reissued but not encashed by the policyholder / insured.

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

#### B) Statement showing movement of Unclaimed Amount and Investment Income as per IRDAI Circular no. IRDA/F&I/CIR/CLD/114/05/2015 dated May 28, 2015

(₹ '000)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Opening Balance</b>	<b>228,256</b>	<b>189,329</b>
Add: on Merger	<b>33,523</b>	—
Add : Amount transferred to unclaimed amount	<b>57,723</b>	106,329
Add : Cheques issued out of the unclaimed amount but not encashed by the policyholders (to be included when the cheques are stale)	<b>22,374</b>	4,920
Add: Investment Income on unclaimed Fund	<b>9,428</b>	9,403
Less: Amount unclaimed paid during the year	<b>76,725</b>	78,943
Less: Amount transferred to SCWF (net of claims paid in respect of amounts transferred earlier)	<b>5,610</b>	2,783
<b>Closing Balance of Unclaimed Amount</b>	<b>268,968</b>	<b>228,256</b>

"Unclaimed amount of policyholders (Investment)" ₹ 144,396 thousand (Previous year ₹ 133,798 thousand) and "Income on Unclaimed Amount of Policyholders (Investment)" ₹ 39,928 thousand (Previous year ₹ 25,462 thousand) are disclosed under Schedule 12 - Advances and Other Assets.

## Management Report

In accordance with Part IV of Schedule B of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, the Management submits the following Report:

1. We confirm the validity of Certificate of Registration granted by the Insurance Regulatory and Development Authority of India to transact general insurance business.
2. To the best of our knowledge and belief, all the material dues payable to the statutory authorities have been duly paid.
3. We confirm that the shareholding pattern and the transfer of shares during the year ended March 31, 2020 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, 2020:

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	446,232
		SIEMENS LIMITED	Chairman	42
		HDFC LIFE INSURANCE COMPANY LIMITED	Chairman	1,016
		BREACH CANDY HOSPITAL TRUST	Director	32,330
2	MR. KEKI M. MISTRY	HDFC LIMITED	Vice Chairman and CEO	446,232
		HDFC LIFE INSURANCE COMPANY LIMITED	Director	1,016
		TATA CONSULTANCY SERVICES LIMITED	Director	138,242
		TORRENT POWER LIMITED	Director	1,573

## Management Report (Continued)

Sr. No.	Name of the Director	Entity in which Director is interested	Interested As	Payment during the year (₹ '000)
3	MS. RENU SUD KARNAD	HDFC LIMITED	Managing Director	446,232
		HDFC BANK	Additional Director	2,796,680
		HDFC LIFE INSURANCE COMPANY LIMITED	Director	1,016
		ABB INDIA LIMITED	Director	6,715
4	MR. ANUJ TYAGI	CSC E-GOVERNANCE SERVICES INDIA LIMITED	Director	87,534
5	MR. BERNHARD STEINRUECKE	INDO - GERMAN CHAMBER OF COMMERCE	Director General	2,507
6	MR. AMEET P. HARIANI	JUHU BEACH RESORTS LIMITED	Director	17
7	MR. ALEXANDER ANKEL	ERGO INTERNATIONAL AG	Non Executive Director	129,466
8	MR. MEHERNOSH B. KAPADIA	SIEMENS LIMITED	Director	42

11. We certify that all debt securities excluding Additional Tier I Bonds and non convertible preference shares are considered as 'held to maturity' and accordingly stated at historical cost subject to amortisation of premium or accretion of discount on constant yield to maturity basis to the extent of policyholders funds in the Revenue Accounts and to the extent of shareholders funds in the Profit and Loss Account over the period of maturity/holding.

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

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

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

In accordance with the Regulations, any unrealized gains/losses arising due to change in fair value of

mutual fund investments, listed equity shares and Additional Tier I Bonds are accounted in "Fair Value Change Account" and carried forward in the Balance Sheet and is not available for distribution.

12. The Company has adopted a prudent investment policy with emphasis on optimizing return with minimum risk. Emphasis was towards low risk investments such as Government securities, rated debt instruments and liquid and Money Market instruments in order to maintain optimum liquidity. Investments are managed in consonance with the investment policy laid down by the board from time to time and are within the investment regulation and guidelines of IRDAI. The Company has carried out periodic review of the investment portfolio and where found necessary, has made provision for diminution in value of investments or written them off.
13. The Management of HDFC ERGO General Insurance Company Limited certifies that:

The financial statements have been prepared in accordance with the applicable provisions of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, circulars/notifications issued by IRDAI

## Management Report (Continued)

from time to time (including Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated April 04, 2016 and IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017), the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, read together with Rule 7 of Companies (Accounts) Rule 2014 dated March 31, 2014 and Companies (Accounting Standards) amendment Rules 2016 dated March 30, 2016 to the extent applicable and the relevant provisions of the Companies Act, 2013, and disclosures have been made, wherever the same is required. There is no material departure from the said standards, principles and policies.

- i. The Company has adopted accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the operating profit for the year ended on that date.

- ii. The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938, (4 of 1938) as amended by Insurance Laws (Amendment) Act, 2015 / Companies Act, 1956, (1 of 1956)/ the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iii. The financial statements of the Company have been prepared on a going concern basis.
- iv. The Company's internal audit is conducted by an in-house audit team and an appointed audit firm. The scope of work of internal audit is commensurate with the size and nature of the Company's business. The management has ensured that an internal audit system commensurate with the size and nature of business exists and is operating effectively.

Signature to the Management Report

For and on behalf of the Board of Directors

**Keki M. Mistry**  
Director  
(DIN: 00008886)

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

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

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

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

Mumbai,  
Dated: November 13, 2020

## Annexure 1

# Details of ageing analysis of Gross Claims outstanding Outstanding As on 31.03.2020 (F. Y. 2019-20)

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	92	407,077	248	121,707	1	15	10,712	604,204	705	221,856	66	11,270	—	—	—	—	9	6,067
31days to 6 months	148	1,552,915	277	283,876	6	135,688	6,661	894,205	5,118	1,781,036	226	47,582	2	800	—	—	52	19,807
6 months to 1 year	98	1,268,098	21	127,451	1	17,999	516	116,357	4,711	2,002,960	138	38,121	2	800	—	—	37	59,946
1 year to 5 years	34	4,359,012	55	258,332	7	726,357	38	12,753	15,783	10,298,747	116	31,412	2	882	—	907	59	61,362
5 years and above	2	170,456	—	15,763	—	6,147	—	—	6,034	3,110,935	5	1,994	—	400	1	64,221	3	22,396
Total	374	7,757,557	601	807,129	15	886,206	17,927	1,627,518	32,351	17,415,534	551	130,378	6	2,982	1	65,127	160	169,578

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather/Crop		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	180	26,272	—	3,876	841	178,478	25,924	1,818,897	1	—	23	7,200	18,052	247,730	509	209,805	57,363	3,864,454
31days to 6 months	118	570,668	—	824	761	234,788	3,243	304,563	2	2,070	59	22,921	11,286	102,543	287	471,297	28,246	6,425,581
6 months to 1 year	35	472,256	7	63,990	15	12,941	273	40,495	2	495	46	282,143	18	617	22	56,532	5,942	4,561,199
1 year to 5 years	22	333,754	5	152,488	30	53,690	1,029	155,247	1	155	103	207,095	22	41	15	244,357	17,321	16,896,593
5 years and above	1	99,018	2	331,246	8	11,075	197	20,064	—	—	40	26,565	245	787,445	—	265	6,538	4,667,989
Total	356	1,501,968	14	552,425	1,655	490,973	30,666	2,339,266	6	2,720	271	545,924	29,623	1,136,376	833	982,256	115,410	36,415,816

## 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
0-30 days	74	170,527	517	177,521	3	885	10,775	576,290	961	453,687	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	157,108	—	14,279	1	5,527	2	1,698	3,858	2,025,014	2	455	—	400	1	64,221	2	19,146
Total	316	7,163,466	822	664,766	16	796,604	16,797	1,323,226	26,249	17,205,158	528	128,901	7	2,982	1	65,127	103	311,322

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather/Crop		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	174	80,958	—	21,431	666	169,808	3,090	206,970	4	1,448	22	10,000	240	3,838	379	80,501	17,068	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	—	266	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	69,063	902,851	605	526,579	120,286	31,927,968



## Annexure to Management Report (Continued)

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

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmen's Compensation		Public Liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	109	288,722	669	86,676	2	2,506	7,990	445,409	1,063	407,981	51	7,078	—	—	—	—	14	12,495
31 days 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	162,825	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
0-30 days	621	56,511	3	1,503	1,235	219,528	3,651	253,983	5	831	5	3,500	697	204,084	134	51,000	16,249	2,041,808
31 days to 6 months	446	212,253	5	127,547	570	275,797	1,190	203,760	10	5,392	8	3,803	790	6,372	154	143,205	11,982	4,528,733
6 months to 1 year	56	100,631	7	59,812	26	9,093	50	34,941	3	2,668	31	14,429	14	702	28	61,956	5,265	5,769,619
1 year to 5 years	42	233,130	33	219,249	4	3,277	87	63,763	—	—	92	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	748,488	1,835	507,694	4,978	556,447	18	8,891	186	704,018	1,751	1,006,489	321	369,195	52,186	26,855,734

### Outstanding As on 31.03.2017 (F. Y. 2016-17)

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	143	337,782	690	62,544	—	—	7,822	505,725	1,240	226,548	32	4,318	—	—	—	800	11	6,105
31 days to 6 months	250	791,483	363	255,051	8	76,666	3,329	325,161	3,974	1,289,453	123	18,921	3	1,600	1	400	18	6,733
6 months to 1 year	107	3,928,085	69	118,005	3	1,140	708	130,171	4,064	1,673,155	108	18,624	1	600	—	—	15	74,277
1 year to 5 years	50	1,751,185	33	233,847	3	13,930	464	132,365	14,281	6,319,350	285	42,421	11	4,077	3	1,200	85	56,325
5 years and above	1	69,201	2	5,450	—	9,151	2	1,698	2,152	725,111	5	765	—	—	2	65,521	3	21,209
Total	551	6,877,736	1,157	674,898	14	100,887	12,325	1,095,119	25,711	10,233,617	553	85,039	15	6,277	6	67,921	132	164,649

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather/Crop		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	1,963	66,441	1	16,507	1,126	165,942	2,996	210,933	7	2,594	2	1,220	58	44,520	80	31,743	16,171	1,687,408
31 days to 6 months	798	189,448	8	97,007	536	153,359	1,850	282,286	9	1,907	49	20,800	6	9,871	172	284,035	11,497	3,804,181
6 months to 1 year	47	188,093	3	28,369	6	2,014	157	21,363	2	2,510	36	13,420	17	294	17	24,658	5,360	6,224,777
1 year to 5 years	40	272,353	27	212,367	2	6,300	8	11,747	—	—	181	267,631	254	796,215	6	35,251	15,733	10,156,564
5 years and above	1	61,325	—	299,097	—	—	—	—	—	—	33	51,984	—	—	—	927	2,201	1,311,428
Total	2,849	777,660	39	653,347	1,670	327,615	5,011	526,328	18	7,011	301	355,055	335	850,900	275	376,613	50,962	23,184,358

## Annexure to Management Report (Continued)

### Outstanding As on 31.03.2016 (F. Y. 2015-16)

(₹ '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	38	93,798	25	5,873	—	—	1,243	82,823	147	62,421	14	1,134	—	—	—	—	—	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	768,027
6 months to 1 year	23	16,027	—	—	2	1,200	11	1,347	—	—	—	—	—	—	3	4,465	687	362,219
1 year to 5 years	14	126,177	—	—	—	—	1	14	—	—	—	—	—	—	2	10,465	1,244	817,091
5 years and above	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	91	256,955	—	—	38	8,776	494	33,096	6	239	—	—	—	—	33	70,104	5,599	2,231,733

## Annexure - 2 Details of Average Claims Settlement Time (Continued)

Line of Business	FY 2019-20			FY 2018-19			FY 2017-18			FY 2016-17			FY 2015-16		
	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	1,762	4		1,925	87		1,645	114		920	245		693	111	
Marine Cargo	12,471	5		15,068	18		12,882	44		3,742	139		492	123	
Marine Hull	9	4		6	448		12	245		3	128		—	—	
Motor OD	487,550	2		412,047	15		274,597	21		98,738	50		35,030	31	
Motor TP	3,308	29		6,885	611		8,020	557		3,196	1,014		494	551	
Workmen's Compensation	564	2		330	183		123	212		133	337		188	160	
Public liability	4	5		—	—		—	—		—	—		—	—	
Product Liability	—	—		—	—		—	—		—	—		—	—	
Other Liabilities	19	26		19	171		15	281		4	408		10	138	
Engineering	50,330	1		27,669	7		14,409	30		2,013	304		253	223	
Aviation	—	—		3	353		1	168		1	184		—	—	
Personal Accident	12,107	3		10,460	21		8,406	24		2,160	44		253	18	
Health	197,022	5		152,051	12		93,388	21		24,480	39		7,607	19	
Home	31	3		33	44		30	111		43	217		32	57	
Specialty	14	2		10	518		7	284		2	580		—	—	
Weather/Crop	703,193	1		1,228,191	3		61,108	3		3,170	11		—	—	
Others	27,947	6		12,112	9		7,335	10		1,383	112		202	94	
Total	1,496,301			1,866,809			481,978			139,988			45,254		

## Glossary

Sr. No.	Terms	Description
1	Accretion	Incremental growth over a period of time.
2	Actuary	A person skilled in determining the present effects of future contingent events or in finance modelling and risk analysis in different areas of insurance, or calculating the value of life interests and insurance risks, or designing and pricing of policies, working out the benefits, recommending rates relating to insurance business, annuities, insurance and pension rates on the basis of empirically based tables and includes a statistician engaged in such technology, taxation, employees' benefits and such other risk management and investments and who is a fellow member of the Institute of Actuaries.
3	Appropriations	Money set aside for specific purpose.
4	Bad debts written off	Bad debt expense is the amount of an account receivable that is considered to be not collectible.
5	Book Value Per Share	This is computed as networth divided by number of outstanding shares.
6	Company or We or Us	Means HDFC ERGO General Insurance Company Limited (IRDAI Regn. 146).
7	Claim	A request by a policyholder for payment following the occurrence of an insured event. A claim does not necessarily lead to a payment.
8	Co-insurance	Method of sharing insurance risk between several insurers. The policyholder will deal with the Lead insurer who issues documents and collects premiums. The policy will detail the shares held by each company.
9	Combined Ratio	Incurred Claims Ratio plus Expense Ratio.
10	Commission paid	Amount paid to intermediaries for acquiring business.
11	Deferred Tax Asset	An asset that is used to represent lower amount of tax that a company will have to pay in a later tax period.
12	Deferred Tax Liability	A tax liability that a company owes and does not pay at the current point, although it will be responsible for paying it in a later tax period.
13	EPS	Earning Per Share (EPS) is arrived at by dividing Net Profit After Tax by the weighted average number of shares.
14	Expense Ratio	Expense ratio is a proportion of the sum of all expenses (acquisition & operating) and net commission received on reinsurance to net written premium expressed as a percentage.
15	Fair Value Change Account	It represents unrealized gains or losses at the end of the period with respect to listed equity securities, derivative instruments and Mutual Fund investments.
16	Gross Written Premium (GWP)	Gross Written Premium is the sum of gross direct premium and the reinsurance premium accepted.
17	Incurred But Not Reported (IBNR)	A reserve created by insurer and certified by an Actuary to cover the estimated cost of losses that might have incurred but not yet reported.
18	Incurred But Not Enough Reported (IBNER)	Losses that might have incurred but have not yet been enough reported.
19	Incurred Claims	It is claims paid during the period plus the change in outstanding claims at the end of the period versus at the beginning of the period.
20	Incurred Claims Ratio	Proportion of incurred claims to premiums earned during a period.

Sr. No.	Terms	Description
21	Industry Market Share	Proportion of gross written premium of an insurer to the total gross premium written of the General Insurance Industry - expressed as a percentage.
22	IRDAI	Insurance Regulatory and Development Authority of India (IRDAI) established under IRDA Act, 1999 to protect the interests of the policyholders, to regulate, develop, promote and ensure orderly growth of the insurance industry.
23	Loss on sale	Loss on sale of assets when an asset is sold below its book value.
24	Net Premiums Earned	Net premium written adjusted for the change in unexpired risks reserve.
25	Net Premiums Written	Gross written premium less reinsurance premium ceded.
26	Net Worth	Paid up share capital (+/-) reserves/ accumulated losses (-) preliminary expenses.
27	Operating Expenses	Expenses for carrying out insurance / reinsurance business.
28	Operating Profit or Loss	Surplus/ Deficit from carrying out insurance business activities i.e. profit before tax excluding investment income and other income.
29	Policy	The legal document issued by an Insurance Company to a policyholder which outlines the terms and conditions of the insurance.
30	Policy Holder [Insured]	A person who pays a premium to an insurance company in exchange for the insurance protection provided by a policy of insurance.
31	Premium Deficiency	Premium deficiency is recognised as the sum of expected claim costs, related expenses and maintenance cost exceeds related reserve for unexpired risks.
32	Reinsurance	Transfer of an insurance (or part of the risk covered) from one insurance company to another for a premium, not necessarily with the knowledge of the policyholder.
33	Retention	The amount of risk retained by the insurer on its own account.
34	Solvency Margin	A ratio of Available Solvency Margin (ASM)/ Required Solvency Margin (RSM) (calculated as per IRDAI Guidelines).
35	Technical Reserves	Amount set aside in the balance sheet to meet liabilities arising out of insurance contracts, including claims provision (whether reported or not) and reserve for unexpired risks.
36	Treaty Reinsurance	It means a reinsurance arrangement between the cedant and the reinsurer, usually for one year or longer, which stipulates the technical particulars and financial terms applicable to the reinsurance of defined class or classes of business.
37	Underwriting	The process of selecting applicants for insurance and classifying them according to their degrees of insurability so that the appropriate premium rates may be charged. The process includes rejection of unacceptable risks.
38	Unexpired Risks Reserve	Portion of premium with respect to the unexpired insurance contracts as at the end of the period.

Note: The definitions of the ratios in the glossary above are used in this report unless specifically defined otherwise.

# Our Products

## Retail Products

-  Motor Insurance
-  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 and Machinery Insurance
-  Machinery Breakdown Insurance
-  Electronic Equipment Insurance
-  Boiler and Pressure Plant Insurance





### Property Insurance

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




### Insurtech Covers

-  Heart Cover
-  Cancer Cover
-  Sachet Critical Illnesses
-  Sportify
-  Dynamic Flight Delay
-  Mosquito Disease Protection Policy
-  e@Secure
-  Ticket Cancellation Insurance

### Accidental and Health Insurance

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

### Marine Cargo Products

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



# Customer Testimonials

**Subodh Mahipat Marathe**

Health Insurance Customer | Policy No. 2864201580641203



“Excellent service. Very fast and swift service even in the hard world epidemic time. Really appreciate the service and easy smooth technology driven claim process. Good Luck and more success to your team and HDFC ERGO.”

**Priyanka Chhajed**

Health Insurance Customer | Policy No. AA01304536



“The best Mediclaim insurance at present. Awesome services. Will surely recommend HDFC ERGO to everyone.”

**Raman Prabhakar**

Health Insurance Customer | Policy No. 2825100236155102



“Excellent processing time. No questions asked, my claim got paid within a day of my original receipts submission. Keep it up!”

**Sathya Balamurali**

Motor Insurance Customer | Policy No. 2311203209968900



“Simply Superb & Excellent Service - Cleared out all tensions from my mind.”

**Shailendra Rajkumar Jain**

Health Insurance Customer | Policy No. 2857100474983100



“I am very happy with the service of HDFC ERGO. My claim was settled within 4 days & am very Thankful for the same.”

**Subhash Bhandakkar**

Motor Insurance Customer | Policy No. 2319200942525705



“Delighted with efficient and prompt action and support.”

# Customer Testimonials

**Jitendra Prasad Patro**

Motor Insurance Customer | Policy No. 2320100751819600

“Response was better than my expectations both in terms of time taken and quality. Very impressed. Every customer deserves this. Kudos to you guys.”

**Prakash Mehta**

Travel Insurance Customer | Policy No. 2919100738493500

“Super, prompt and to the point without wasting a minute.”

**Arpitha V**

Health Insurance Customer | Policy No. 110103/11122/AA00740526-01

“Hassle-free and smooth claim process & insurance approval. Thank you team for being there when we needed you. Great team work.”

**Ganesh Ramayya Pengonda**

Health Insurance Customer | Policy No. 2952200994219504

“In the past few years, I have experienced excellent service by HDFC ERGO. Service & response is prompt & efficient. All the best to HDFC ERGO!”

**Maria Josephine**

Motor Insurance Customer | Policy No. 2311200043248209

“Excellent customer service. My earnest gratitude & appreciation for your very prompt action, that too on a Sunday. You have exceeded my expectations!”

**Mandar Khedekar**

Home Shield Insurance Customer | Policy No. 2990100712502900

“Agent was very quick in responding. Got my query resolved in less than 5 minutes. Thank you!”

## Awards and Recognitions



## Awards and Recognitions





## HDFC ERGO General Insurance Company Limited

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