



**Empowering  
customers with  
digital insurance**



# Values that empower us for the future

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## Sensitivity

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

## Ethics

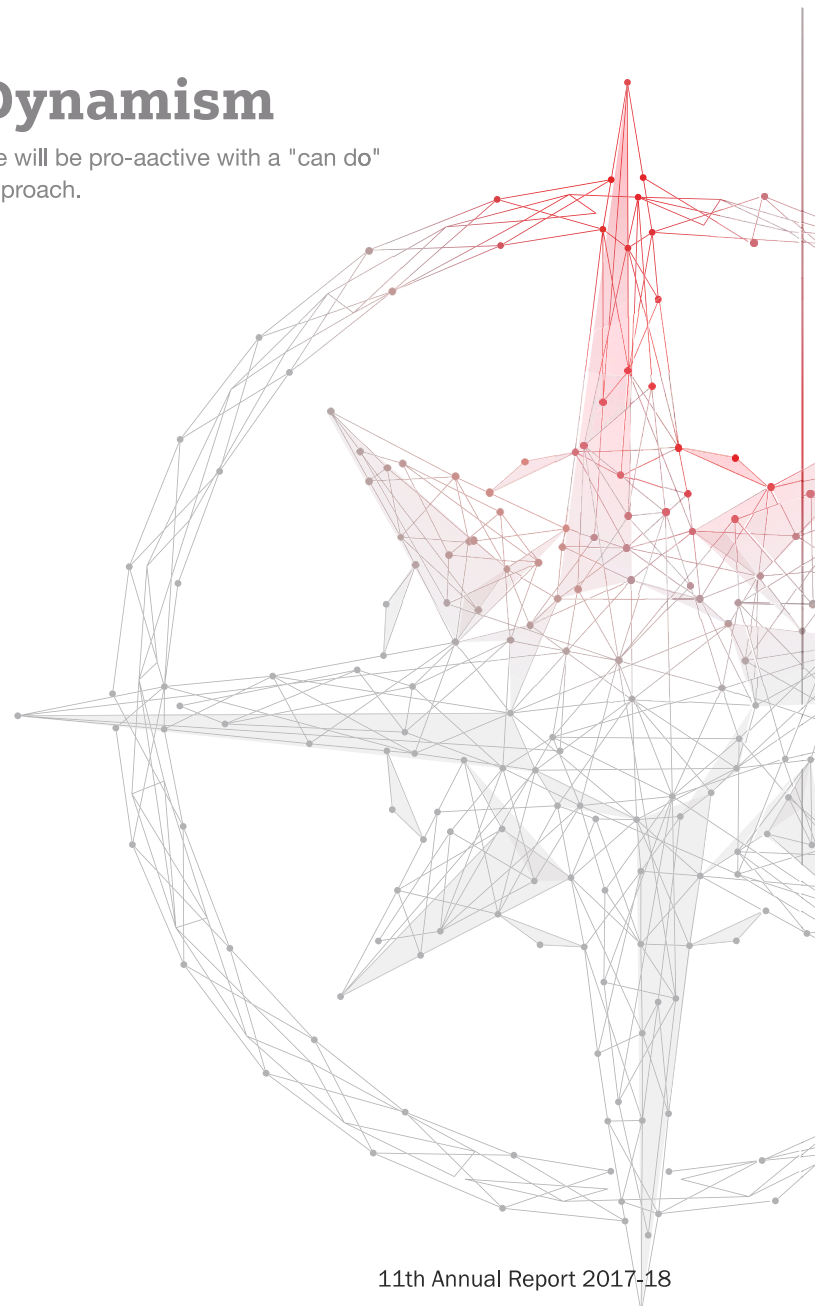
We will honour our commitments and be transparent in our dealings with all our stakeholders.

## Excellence

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

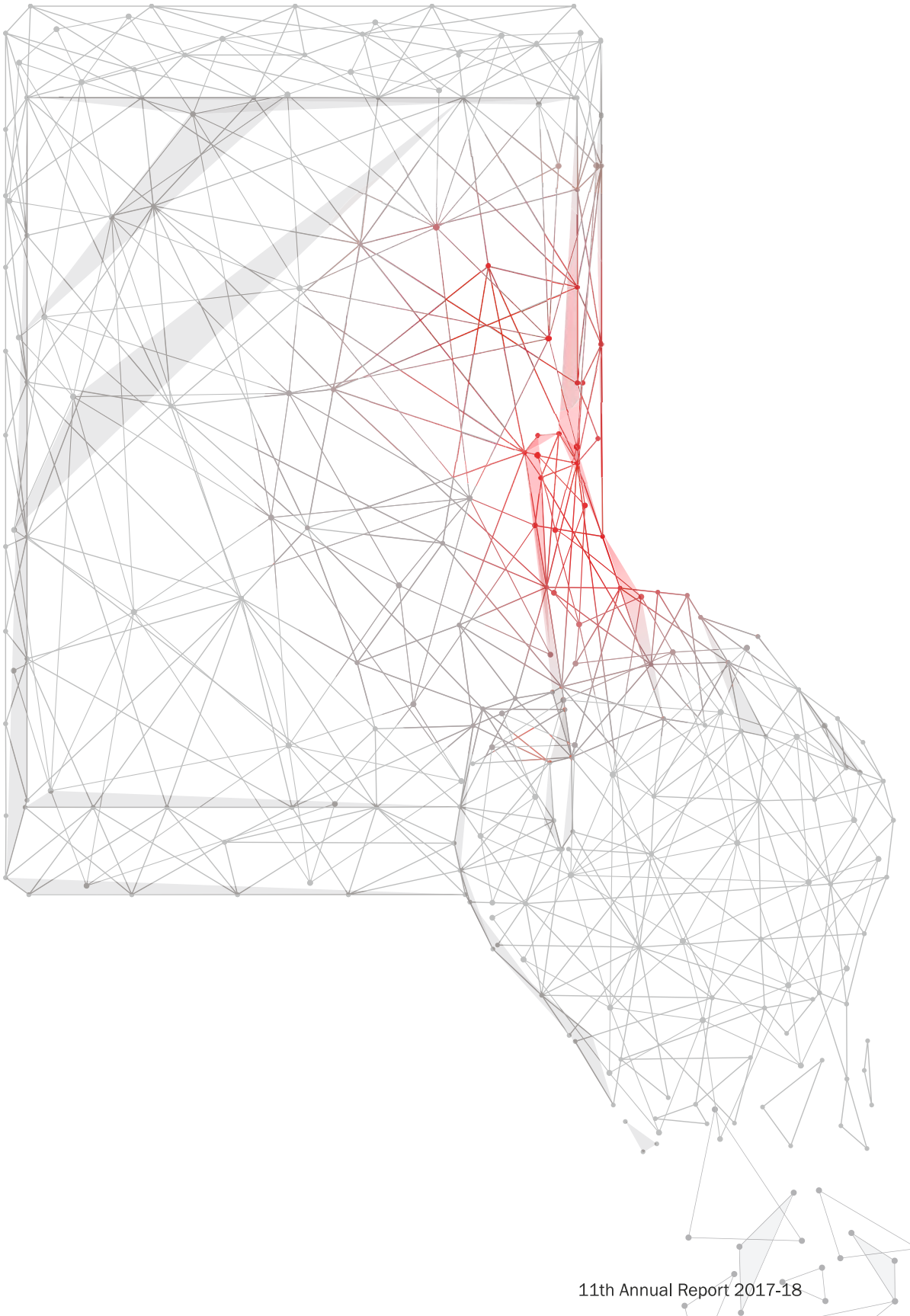
## Dynamism

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



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# Company Highlights

- 3<sup>rd</sup> largest General Insurance Company in private sector, with Gross Written Premium of INR 7,401 crore and a market share of 4.9% for FY18.
- Issued more than 6.5 million policies and serviced 650,000+ claims in FY18.
- Comprehensive product portfolio along with a balanced channel mix.
- iAAA rated by ICRA (A Moody's Investors Service Company) indicating highest claims paying ability.
- Credit rating of ICRA/AAA and CRISIL/AAA with a stable outlook for the Non-Convertible Debentures (Subordinated Debt) programme.
- Solvency ratio of 206% vis-a-vis IRDAI required solvency ratio of 150%.
- Pan-India presence across 107 branches in 91 cities and a close knit family of 2,900+ professionals.
- ISO certified processes for Claims Services, Operations and Customer Services and Business Continuity Management.



## Chairman's Message



“ In FY18, the General Insurance industry premiums crossed ₹1,50,000 crore mark.”

The economy is back on growth path after a few slow quarters on account of demonetisation and the implementation of the Goods and Services Tax. Broad-basing of credit off-take augurs well for the manufacturing sector and new investment activity. The business environment is poised to improve going forward on account of expectations of improved corporate earnings and the resolution of distressed assets under the Insolvency and Bankruptcy Code. The Indian economy is expected to grow faster, driven by increased economic activity. However, fears of a trade war on the global front and higher oil prices and rising inflation expectations on the domestic front remain key challenges to macro growth estimates.

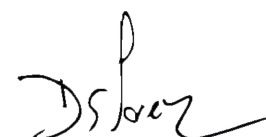
In FY18, the general insurance sector grew by 17%, crossing ₹ 150,000 crore of premiums. The accident and health segment continued to lead with a robust growth rate of over 22%. The crop segment grew by 19%, driven by an increase in insurance penetration and the motor insurance segment grew by 18%, largely due to the price revision in the third party segment, as prescribed by the Insurance Regulatory and Development Authority of India (IRDAI).

The year witnessed public issues of a few non-life primary insurers and the largest domestic reinsurer. Three new private insurers commenced operations during the year. Further, IRDAI issued regulations enabling auto dealers to solicit and service motor insurance. The regulator also issued guidelines enabling private equity funds to promote insurance companies — either as a promoter or investor, subject to satisfying the prescribed fit and proper criteria. Another significant initiative for the sector is the government's flagship programme, the National Health Protection Scheme which aims to provide an annual health insurance cover of ₹ 5 lakh per family to over 10 crore families belonging to the poor and vulnerable population. This scheme was announced in the Union Budget 2018 and was approved by the cabinet. All these developments are expected to improve access to capital to insurers and deepen the distribution reach, thereby facilitating an improvement in insurance coverage and penetration in the Indian general insurance market.

HDFC ERGO retained its market share at 4.9% in FY18, with gross written premium of ₹ 7,401 crore. In addition, portfolio steering measures, integration efforts and focus on operational efficiency resulted in an improvement in profitability. The profit before tax grew by 43% to ₹ 513 crore in FY18 compared to ₹ 359 crore in the previous year.

The Company continues to operate on its value principles of 'Sensitivity, Excellence, Ethics and Dynamism' and continues to undertake various technology-driven initiatives for superior customer service delivery.

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



**Deepak S. Parekh**  
Chairman

## MD & CEO's Message



“In FY18, HDFC ERGO achieved a two digit combined ratio.”

The stable political situation of FY17 continued in FY18, resulting in predictable economic climate. After relatively slow growth in the second half of FY17 and first half of FY18 on account of demonetization and the implementation of the Goods and Services Tax (GST), GDP growth revived to 7.2% in Q3, resulting in overall GDP growth estimated at 6.6% for FY18.

The growth of the non-life industry is directly linked to the economic growth, and this was reflected in the industry performance for FY18 as well. The general insurance industry wrote gross direct premium of over ₹1,50,000 crore in FY18, registering a growth of 17% (FY17: 32%). The non-crop segments had a second successive year of 15%+ growth, registering a growth of 17% in FY18 on the back of 18% growth in FY17. This growth was led by Motor (18%), Health (22%) and Personal Accident (21%) segments. Auto sales had slowed down in the second half of FY17 on account of demonetization. After the growth revival in FY18, auto sales registered a YoY growth of 14%, partly owing to the base effect. The motor own damage segment grew by 11%, partly on account of downward revision of insurance premiums owing to GST implementation, while the third party segment led the motor segment growth with a 24%. Private sector insurers (including standalone health insurers) grew by 24% capturing further market share from the public sector insurers (including specialized insurers), who grew by 12%. In FY19, we expect the Motor, Health and Personal Accident segments to continue to drive the industry growth.

In FY18, HDFC ERGO completed the first merger in the Indian insurance industry, when it gave effect to the merger with HDFC General Insurance Limited (HDFC General) (formerly known as 'L&T General Insurance Company Limited') after receipt of necessary approvals. For meaningful comparison, we discuss here the performance of overall HDFC ERGO for full year FY18 as compared to FY17 (including erstwhile HDFC ERGO).

Our gross written premium grew by 18% during the year, from ₹6,289 crore to ₹7,401 crore. This growth was in line with the industry growth of 17%. Our calibrated growth strategy across non-crop segments helped us achieve a 22% growth in our non-crop portfolio to ₹5,200 crore vis-à-vis 17% growth for the industry. Our crop portfolio grew by 9% to ₹2,201 crore.

After achieving a two-digit combined ratio in FY17 at HDFC ERGO standalone level, we achieved a two-digit combined ratio at overall HDFC ERGO level this year. Thus, considering full year figures, our expense ratio improved from 27.5% for FY17 (including erstwhile HDFC ERGO) to 25.1% for FY18 and the loss ratio improved from 77.2% for FY17 (including erstwhile HDFC ERGO) to 74.4%, resulting in the combined ratio improving from 104.8% for FY17 (including erstwhile HDFC ERGO) to 99.4% (97.1% excluding shareholders' expenses) for FY18. As a result, the Company achieved profit before tax of ₹513 crore as compared to ₹359 crore last year (including erstwhile HDFC ERGO). HDFC ERGO declared an interim dividend of 20% for FY18.

During the year, the Company sold over 65 Lakh policies through its 107 branches and various channel partners. The Company has put in place robust systems in place resulting in around 91% of these policies being issued in touch free mode.

The Company continued to launch various customer-centric initiatives during the year. Some of these include the launch of overnight vehicle repair service which provides a customer the convenience of getting vehicles repaired overnight so that their daily routines are not affected and launch of AI-enabled chat-bot DIA on Alexa, the voice platform of Amazon. Presence across physical, web and mobile modes enables anytime, anywhere access to our products and services. The Company continues to evaluate innovative technologies to further support its pursuit of service excellence.

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



**Ritesh Kumar**  
MD & CEO

## Board of Directors:

Mr. Deepak S. Parekh - Chairman (DIN: 00009078)	Dr. Jagdish Khattar (DIN: 00013496) (upto April 16, 2018)	Mr. Samir H. Shah - Executive Director (DIN: 08114828) (w.e.f June 1, 2018)
Mr. Keki M. Mistry (DIN: 00008886)	Mr. Bernhard Steinruecke (DIN: 01122939)	Mr. Anuj Tyagi - Executive Director (DIN: 07505313)
Ms. Renu Sud Karnad (DIN: 00008064)	Mr. Mehernosh B. Kapadia (DIN: 00046612)	Mr. Ritesh Kumar - MD and CEO (DIN: 02213019)
Mr. Alexander Ankel (DIN: 07798908)	Mr. Arvind Mahajan (DIN: 07553144)	
Mr. Andree Moschner (DIN: 07570267) (Upto September 26, 2017)	Mr. Mukesh Kumar - Executive Director (DIN: 06864359) (upto May 31, 2018)	
Mr. Theodoros Kokkalas (DIN: 08093899) (w.e.f March 26, 2018)		

## Senior Management

## Appointed Actuary

## Auditors

Mr. Ankur Bahorey	Mr. Puneet Sudan (Upto: January 9, 2018)	G.M. Kapadia & Co., Chartered Accountants
Mr. Sanjay Kaw	Mr. Hiten Kothari (From: January 10, 2018)	B. K. Khare & Co., Chartered Accountants
Mr. Mehmood Mansoori		
Mr. Anurag Rastogi		

## Company Secretary

## Bankers

## Debenture Trustee

Mr. Dayananda V. Shetty Membership No.: FCS 4638	HDFC Bank Ltd.	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
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HDFC ERGO General Insurance Company Limited (Formerly HDFC General Insurance Limited from Sept, 14, 2016 and L&T General Insurance Company Limited upto Sept, 13, 2016). CIN: U66030MH2007PLC177117.

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

**Customer Service Address** : D-301, 3rd Floor, Eastern Business District (Magnet Mall), LBS Marg, Bhandup (West), Mumbai - 400 078.  
Tel.: +91 22 6638 3600 | Fax: +91 22 66383699 | care@hdfcergo.com | www.hdfcergo.com | IRDAI Reg. No. 146

## Brief Profile of the Directors



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



**Mr. Keki M. Mistry** (DIN: 00008886) is a Non- Executive Director of the Company. Mr. Mistry is the Vice Chairman & Chief Executive Officer of HDFC. He is a fellow of The Institute of Chartered Accountants of India. Mr. Mistry is the Chairman of CII National Council on Corporate Governance. He has been employed with HDFC since 1981 and was appointed as the Executive Director in 1993. He was appointed as the Deputy Managing Director of HDFC in 1999 and as the Managing Director in 2000. He has been the Vice Chairman & Chief Executive Officer of HDFC, since January 1, 2010.



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



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



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



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





**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. 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 as the Chief Financial Officer and has about 27 years of work experience, of which over 11 years were in the general insurance sector in various capacities, primarily heading Finance, Risk Management, Secretarial, Legal and Compliance. He is presently the Member of Executive Management and Chief Financial Officer of the Company. Subject to the approval of IRDAI and Shareholders, the Board of Directors appointed Mr. Samir H. Shah as a Whole-time Director (designated as the 'Executive Director') of the Company for a period of 5 years with effect from June 1, 2018 responsible for Finance, Accounts, Tax, Secretarial, Legal & Compliance, Risk Management, Internal Audit, Risk & Loss Mitigation, Administration and CSR functions of the Company.



**Mr. Anuj Tyagi** (DIN: 07505313) is the Executive Director of the Company, appointed for a period of 5 years w.e.f. May 1, 2016. Mr. Tyagi is a Chemistry (H) graduate from Delhi University and has a Post Graduate Diploma in Business Management. Anuj has about 18 years of work experience in insurance and banking. He joined the Company in 2008 as Head – Corporate Business Group and is currently responsible for Wholesale and Retail business, Reinsurance, Underwriting & Claims and Human Resources functions of the Company.



**Mr. Ritesh Kumar** (DIN: 02213019) is the Managing Director and CEO of the Company since June 10, 2008. Mr. Kumar has about 26 years of experience in the Financial Services Industry, of which the first 10 years were in Banking and the last about 16 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 Eleventh Annual Report of your Company together with the audited financial statements for the financial year ended on March 31, 2018.

### Merger of the Holding Company

The National Company Law Tribunal, Mumbai Bench (NCLT) vide Order dated June 23, 2017 approved the Scheme of Arrangement ('Scheme') for merger of HDFC ERGO General Insurance Company Limited ('Transferor Company') with the Company. The Insurance Regulatory and Development Authority of India (IRDAI) vide letter dated August 14, 2017 gave its final approval for the said merger. The Appointed Date and the Effective Date for the merger were January 1, 2017 and August 16, 2017 respectively. Further, in accordance with the Scheme, the Company retained the name of the Transferor Company, which was duly approved by the Ministry of Corporate Affairs.

### Financial Results

Particulars	(₹ in crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
Gross Written Premium	7,401.1	2,252.4
Net Written Premium	3,455.5	999.1
Net Earned Premium	2,994.5	989.1
Other Income/Liabilities written back	3.8	0.5
Net Incurred Claims	2,226.7	769.8
Net Commission (Income) / Expenses	(268.4)	(152.4)
Expenses of Management	1,165.3	485.6
Investment Income – Policyholders	485.5	174.9
General Insurance Result	360.3	61.5
Investment Income – Shareholders	153.0	59.9
<b>Profit before Tax</b>	<b>513.3</b>	<b>121.4</b>
Provision for Tax	109.6	(3.0)
<b>Profit after Tax</b>	<b>403.7</b>	<b>124.4</b>
Interim Dividend (incl. Dividend Distribution Tax)	145.7	0.0
Transfer to Debenture Redemption Reserve	9.7	9.7
Profit carried to Balance Sheet	248.3	114.7
Credit/(Debit) balance in P & L account at the year end	298.4	(448.3)

All the information, financial or otherwise stated in this report for the previous year is for the period of 12 months of the Company and 3 months of the Transferor Company. Wherever specific figures are mentioned for the Transferor Company, the same pertains to 9 month period from April 2017 to December 2017.

### Performance

The Gross Written Premium (GWP) of the Company increased to ₹ 7,401.1 crore (PY: ₹ 2,252.4 crore and Transferor Company: ₹ 4,036.6 crore). The Company achieved a Profit before Tax of ₹ 513.3 crore (PY: ₹ 121.4 crore and Transferor Company: ₹ 237.8 crore). The Profit after Tax for the year is ₹ 403.7 crore (PY: ₹ 124.4 crore and Transferor Company: ₹ 166.9 crore). The net earned premium increased to ₹ 2,994.5 crore (PY: ₹ 989.1 crore and Transferor Company: ₹ 1,651.6 crore).

### Dividend

The Board of Directors had approved the payment of an interim dividend for the financial year 2017-18 of ₹ 2 per equity share of ₹ 10 each in March 2018 (as against ₹ 1.25 paid during the previous year by the Transferor Company). The said dividend was encashed by all shareholders.

No final dividend was recommended by the Board.

### Increase in Paid up share capital

During the year, the Company allotted 4,605,950 equity shares of ₹ 10 each pursuant to exercise of stock options under Employees Stock Option Plan-2009 (ESOP-2009).

The Paid up equity share capital of the Company has increased from ₹ 600.5 crore as on March 31, 2017 to ₹ 605.1 crore as on March 31, 2018 and the Share Premium Account increased from ₹ 824.6 crore as on March 31, 2017 to ₹ 838.2 crore as on March 31, 2018.

### Non-Convertible Debentures

As at March 31, 2018, the Company's outstanding Non-Convertible Debentures (NCDs) stood at ₹ 350 crore consisting of 3,500 Unsecured, Subordinated, Fully Paid up, Listed, Redeemable NCDs of the face value of ₹ 1,000,000 each, with a coupon of 7.60% per annum. The said NCDs were allotted on November 9, 2016 and are redeemable at the end of 10 years from the date of allotment with a call option to the Company at the end of 5 years from the date of allotment. The NCDs are rated by CRISIL and ICRA and were assigned the highest rating of CRISIL AAA/Stable and ICRA AAA/Stable respectively. The NCDs are listed on the Whole Sale Debt Market Segment of BSE Limited w.e.f. November 23, 2016.

The Company has been regular in its payment obligations towards NCDs.

### Debenture Redemption Reserve

In accordance with the provisions of Section 71 of Companies Act, 2013 ('Act') read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, during the year, the Company has transferred ₹ 9.7 crore to the Debenture Redemption Reserve (DRR) from its profit. As at March 31, 2018, the balance in DRR stands at ₹ 19.4 crore.

### Extract of Annual Return

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

### Number of meetings of the Board

During the year, the Board met five (5) times on April 26, 2017, July 17, 2017, August 18, 2017, October 25, 2017 and January 24, 2018.

The Board of the Transferor Company had met two (2) times on April 28, 2017 and July 18, 2017.

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

### Policy on Director's appointment and remuneration

The 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, 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, shall be fixed keeping in perspective the various risks including their time horizon and such that 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 its in-principle approval to different types of related party transactions which are recurring in nature and in the ordinary course of business.

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

During the year under review, the Company did not enter

into any transaction or arrangement with related parties, which were material or not at arm's length.

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

### **Material changes and commitments affecting the financial position**

There were no material changes or commitments, affecting the financial position of the Company between March 31, 2018 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 ₹ 946.0 crore in foreign exchange (PY: ₹ 73.1 crore and Transferor Company: ₹ 218.7 crore) mainly on account of reinsurance premium. Premium received and claims on reinsurance ceded in foreign exchange during the year was ₹ 384.8 crore (PY: ₹ 43.8 crore and Transferor Company: ₹ 95.1 crore).

### **Risk Management Framework**

The Company recognizes the criticality of robustness of risk management practices to meet its objectives. The Company is committed to an effective and robust Risk Management Framework, which addresses operational and financial risks. Accordingly, the Company has developed a comprehensive Risk Management Framework to identify, monitor and manage the risks. Risk Management is a concurrent process within the Company.

Under the Risk Management Framework, risks associated with the business are identified and prioritized based on impact and likelihood of its occurrence. All key risks are reviewed by the Senior Management on a quarterly basis. Risk owners are identified for each risk for monitoring and reviewing the risk mitigation.

The Company has constituted a Risk Management Committee comprising members of the Board of Directors. The Risk Management Committee is responsible for monitoring the Risk Management Framework of the

Company and implementation of the Risk Management Strategy. The Risk Management Committee also monitors the residual risk pertaining to various business activities and ensures that it is kept within the defined limits.

The Risk Management Committee inter-alia:

- a. Assists the Board in effective operation of the risk management system by ensuring performance of specialized analysis and quality reviews;
- b. Advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy, mergers and acquisitions and related matters;
- c. Reports to the Board, details of the risk exposures and the actions taken to manage the exposures, at its quarterly meetings; and
- d. Reviews and monitors risks pertaining to the business on a regular basis.

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

### **Underwriting and Reserving Risks**

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

- The underwriting guidelines are used as a basis for underwriting after detailed analysis to enable that the technical pricing is charged to the proposer;
- Prudent margins are built in reserves and a regular monitoring of its adequacy is done concurrently;
- Optimal protection is ensured through well designed Reinsurance program arrangements with financially sound reinsurers; and
- The Company has taken Catastrophe (CAT) protection in order to mitigate the risks of large losses arising from probable catastrophic events. The Company's current reinsurance arrangement provides cover for losses from a 1-in-250 year CAT risk events.

### **Credit and Market Risk**

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

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

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

Market risk is managed by having a diversified investment portfolio.

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

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

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

The above are monitored on a regular basis by the Management and the Investment Committee.

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

### Operational Risks

The Company faces varied operational risks as it operates across various processes such as Underwriting, Policy Administration, Claims, Finance, Investment, Marketing, Customer Experience, etc. Operational risks majorly result from breakdowns in internal procedures, people and systems.

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

### Cyber Security

Insurance business is highly information driven where information is one of the key assets. Due to emerging cyber security threats in the Insurance Industry, Comprehensive Information and Cyber Security Guidelines have been issued by the Regulator.

To manage the 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;
- Awareness program for employees such as awareness mailers, simulation and tabletop exercises, classroom trainings, etc.;
- Vulnerability Assessment and Penetration Testing exercise on a regular basis;
- ISO 27001 Compliant Information Security Management System; and
- ISO 22301 Compliant Business Continuity Management System.

### 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.

In terms of the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, due to continuous and accumulated losses, the Company was not required to spend any amount towards CSR activities during FY18. However, considering the CSR philosophy of the Transferor Company, the Board of Directors, pursuant to the recommendation of the Corporate Social Responsibility Committee of Directors (CSR Committee) had decided to spend a sum of ₹ 4 crore on CSR activities during FY18, in accordance with CSR Policy of the Transferor Company adopted by the Company.

Out of the said amount, ₹ 36,337,523 was disbursed during the year and an amount of ₹ 3,693,956 has been earmarked and would be disbursed during FY 2018-19 as CSR spend of FY 2017-18, basis the completion of the assigned activities, thus resulting in total voluntary CSR spend of ₹ 40,031,479 for FY 2017-18. Further, during the year, the Company disbursed ₹ 9,888,444 being earmarked CSR amount pertaining to previous year.



## Board Evaluation

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

In addition, the Independent Directors have inter-alia separately evaluated the performance of non-independent directors, the Board as a whole, and the Chairman of the Board, at their separate meeting held on January 24, 2018.

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.

## Particulars of Employees and other related disclosures

The total employee strength of the Company as on March 31, 2018 stood at 2,975.

During the year, 9 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 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:

- Topline and bottom line targets of the Company including portfolio steering;
- Overall financial position of the Company including adherence to IRDAI stipulations on Minimum Solvency Margin and Expenses of Management Limits;

- 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 vide circular dated May 18, 2016 ('Guidelines') 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, 2018
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	62,650,155
Variable	29,008,785
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*	600,000
Other forms	NIL

\*Aggregate number of stock options granted at a price of ₹ 151 per option.

### 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 2017-18.

The Secretarial Audit Report is appended to this Report.

### Employees Stock Option Plan (ESOP)

During the year, the Company granted 2,095,000 stock options in respect of 2,095,000 equity shares of ₹ 10 each at an exercise price of ₹ 151 per option under ESOP-2009 to 30 eligible employees. No other employee or KMP were granted any Options during the year.

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

During the year, Options vested aggregated to 726,500 and Options exercised aggregated to 4,605,950. Pursuant to the said exercise, the Company received ₹ 18.22 crore as exercise consideration (excluding tax). Pursuant to exercise of Options, 4,605,950 equity shares of ₹ 10 each have been allotted to the concerned employees.

During the year, 151,750 Options lapsed and the Options in force as on March 31, 2018 were 13,773,000.

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

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

Name of the Employee	Position	No. of Options granted and % ge to total grant
Ritesh Kumar	Managing Director and CEO	300,000 (14.32%)
Mukesh Kumar	Executive Director	150,000 (7.16%)
Anuj Tyagi	Executive Director	150,000 (7.16%)
Samir H. Shah	Member of Executive Management and CFO	120,000 (5.73%)
Dayananda V. Shetty	Executive Vice President - Legal & Compliance and Company Secretary	30,000 (1.43%)
Mehmood Mansoori	Member of Executive Management & Group Head - Operations, IT Marketing & Online Business	120,000 (5.73%)



The diluted EPS is ₹ 6.68 against a basic EPS of ₹ 6.70. No employee was granted options in excess of 1% of the issued share capital of the Company at the time of grant.

#### **Public Deposits**

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

#### **Auditors**

At the tenth Annual General Meeting (AGM) held on September 29, 2017, Members had appointed Messrs B. K. Khare & Co., Chartered Accountants (Registration No. of the firm with the ICAI: FRN 105102W) and Messrs G. M. Kapadia & Co., Chartered Accountants (Registration No. of the firm with the ICAI: FRN 104767W), as the Joint Statutory Auditors of the Company for a period of 5 years from FY 2017-18 to FY 2021-22 and to hold office as such up to the conclusion of the fifteenth AGM of the Company, subject to ratification at every AGM.

The Board recommends ratification of the appointment of Messrs B. K. Khare & Co., Chartered Accountants and Messrs G. M. Kapadia & Co., Chartered Accountants as the Joint Statutory Auditors of the Company, to hold office as such until the conclusion of fifteenth AGM.

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

#### **Subsidiary Company**

The Company has no subsidiaries.

#### **Directors and Key Managerial Personnel**

##### **Appointment of Non-Executive Director**

Mr. Andree Moschner was a nominee of ERGO International AG (ERGO) on the Board of the Company. Pursuant to change in his role at ERGO, Mr. Moschner resigned as Director of the Company w.e.f. September 27, 2017 and in his place, ERGO has nominated Mr. Theodoros Kokkalas. In accordance with the Policy on Appointment of Directors and Members of Senior Management and other Employees and pursuant to the recommendations of the NRC, the Board in accordance with the provisions of Section 161 of the Act appointed Mr. Theodoros Kokkalas as an Additional Director w.e.f. March 26, 2018.

In terms of the provisions of Section 161 of the Act, an Additional Director shall hold office up to the date of the

next AGM or the last date on which AGM should have been held, whichever is earlier.

The Board places on record its sincere appreciation for the services rendered by Mr. Andree Moschner during his tenure as a Non-Executive Director of the Company.

##### **Resignation of Independent Director**

Dr. Jagdish Khattar was an Independent Director since June 10, 2008. Dr. Khattar has tendered his resignation as a Director of the Company w.e.f. April 17, 2018 owing to personal commitments and health issues and the same was accepted by the Board. The Board places on record its deep appreciation for unwavering support, advice and contribution by Dr. Khattar during his tenure as an Independent Director over a long tenure of 10 years.

##### **Retirement of Executive Director**

Mr. Mukesh Kumar, Executive Director has retired from the services of the Company and as an Executive Director w.e.f. June 1, 2018. Mr. Mukesh Kumar joined the Company at its inception and as an insurance expert was instrumental in bringing the Company to its present level.

The Board places on record its deep appreciation and gratitude for his guidance and valuable contribution to the Company during his long tenure.

##### **Appointment of Executive Director**

The Board of Directors at its meeting held on April 16, 2018, pursuant to the recommendations of NRC and in accordance with the provisions of Section 197 of the Act and Section 34A of the Insurance Act, 1938, appointed Mr. Samir H. Shah as a Whole-time Director of the Company (designated as 'Executive Director') for a period of 5 years w.e.f. June 1, 2018, subject to the approval of IRDAI and Shareholders. Mr. Shah will continue as the Chief Financial Officer of the Company.

##### **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 and Mr. Alexander Ankel, Directors retire by rotation at the ensuing AGM and being eligible, have offered themselves for re-appointment.

Necessary resolutions seeking Members' approval for appointment of Directors are included in the notice of the eleventh AGM circulated to the Members.

##### **Declaration by Directors**

The Company has received declarations from all

Independent Directors confirming that they meet the criteria of independence as provided under sub-section 6 of Section 149 of the Act.

The Company has also received declarations from all Directors confirming that they are not disqualified from being appointed as Directors under the provisions of Section 164 of the Act. Further, all the Directors have confirmed that they comply with the 'fit and proper' criteria prescribed under the 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 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 dispositions 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 or 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, 2018. 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, 2018 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)**

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

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

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

As advised by IRDAI, the Company has constituted an Ind AS Steering Committee headed by Managing Director & CEO and comprising of CFO, Head – IT, Appointed Actuary, Financial Controller, and officers from actuarial and finance function.

### Directors' Responsibility Statement

In accordance with the provisions of Section 134(5) of the Act and based on the information provided by the Management, your Directors state that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there were no material departures;
- (b) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act and Rules made thereunder, Insurance Act, 1938, as amended, Insurance Rules, 1939 and IRDAI Regulations, Orders, Circulars and Guidelines for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (d) The annual accounts of the Company have been prepared on a going concern basis;
- (e) Internal financial controls have been laid down to be followed by the Company and such internal financial controls are adequate and operating effectively; and
- (f) Proper systems are in place to ensure compliance with the provisions of all applicable laws and

that such systems were adequate and operating effectively.

### Acknowledgements

The Board wishes to express its sincere gratitude to the Insurance Regulatory and Development Authority of India, General Insurance Council, Competition Commission of India, the National Company Law Tribunal, the Reserve Bank of India, Ministry of Corporate Affairs and various ministries of the Government of India, Depositories and the stock exchanges for their continued patronage.

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

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

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

On behalf of the Board of Directors

**DEEPAK S. PAREKH**  
Chairman  
(DIN: 00009078)

Mumbai  
April 16, 2018

## 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 2017-18:**

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. Andree Moschner	Non-Executive Director	—
Dr. Jagdish Khattar	Independent Director	7:1
Mr. Bernhard Steinruecke	Independent Director	7:1
Mr. Mehernosh B. Kapadia	Independent Director	8:1
Mr. Arvind Mahajan	Independent Director	7:1
Mr. Anuj Tyagi	Executive Director	43:1
Mr. Mukesh Kumar	Executive Director	44:1
Mr. Ritesh Kumar	Managing Director and CEO	115:1

**Percentage increase in remuneration of each Director and Key Managerial Personnel in FY 2017-18:**

Name	Designation	Increase in Remuneration (%)
Mr. Ritesh Kumar	Managing Director and CEO	16
Mr. Mukesh Kumar	Executive Director	15
Mr. Anuj Tyagi	Executive Director	15
Mr. Samir H. Shah	Member of Executive Management & CFO	14
Mr. Dayananda V. Shetty	Executive Vice President - Legal & Compliance and Company Secretary	17*

\* Includes 5% pursuant to promotion to next grade.

The Company did not pay any commission to Non-Executive Directors. It is proposed to pay commission of ₹ 10 lakh each to Independent Directors for FY 2017-18, which is the same as paid for FY 2016-17. Further details are provided in Form MGT-9.

**Percentage increase in the median remuneration of employees in FY 2017-18: 10%**

**Number of permanent employees on the rolls of the Company as on March 31, 2018: 2,975**

**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 2017-18 was 11%. The average increase in the remuneration of managerial personnel (i.e. Whole-time Directors) stood at 15% and of non-managerial personnel was 11%.

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

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

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

## Report of the Directors on Corporate Governance

The need for good Corporate Governance has intensified due to growing competition and complex business environment. Corporate Governance practices need to be constantly evaluated against the changing business scenario. Corporate Governance is the application of best management practices and compliances in true letter and spirit and adherence to ethical standards for effective management and discharge of social responsibility for sustainable development of all stakeholders. It is a process and structure by which the business affairs of the company are conducted to enhance corporate performance and accountability, whilst taking into account the interests of various stakeholders viz. shareholders, customers, employees, government, regulators, service providers, financiers and the society at large, who have direct or indirect interest in the success and growth of a business enterprise. Corporate Governance includes adherence to all laws, rules, regulations and guidelines, as applicable.

Transparency in Corporate Governance is essential for the growth, profitability and stability of any business. The Boards of business enterprise shall remain committed towards upholding the highest standard of governance and the Independent Directors shall act as watch-dogs. It is the Board's responsibility to ensure that there is no need of suspicion on the business practices and processes of the enterprises by any set of stakeholders and there is full transparency in disclosure of the business practices and processes.

The Companies Act, 2013 ('Act') which strengthened the Corporate Governance framework in India, by stipulating in the statute book various tenets of good Corporate Governance, has been amended during the year with the enactment of the Companies (Amendment) Act, 2017 which received assent of the President of India on January 3, 2018. The Amendment Act consists of 93 amendments to the Act which broadly aims at addressing difficulties in implementation of stringent compliance requirements, facilitates ease of doing business, harmonization with other statutes such as the Securities and Exchange Board of India Act, 1992, the Reserve Bank of India Act, 1934 and the regulations made thereunder and rectifies omissions and inconsistencies in the Act.

### 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 mandatory rules and guidelines. It is Company's philosophy to observe the spirit behind the letter. The Company believes in nurturing its long term commitment and sustainable relationships with Policyholders, Shareholders and other stakeholders.

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

The Company endeavors to abide by its value system guided by the principles of accountability, transparency and timely disclosure of matters of interest to the stakeholders and ensuring thorough compliance with the applicable laws and conducting business in best ethical manner.

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

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

### Board of Directors

The Board of Directors of the Company are responsible for ensuring fairness, transparency and accountability of the Company's business operations and they provide appropriate directions, with regard to leadership, vision, strategies, policies, monitoring, supervision, accountability to shareholders and to achieve greater levels of



performance on a sustained basis as well as adherence to the best practices of Corporate Governance. The Board plays a pivotal role in creation of stakeholder value and ensures that the Company adopts sound and ethical business practices and that the resources of the Company are optimally used. The Board periodically reviews and approves the strategy and oversees the decisions of the Management.

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

### Composition

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

As at April 16, 2018, the Board comprised of twelve members, of which three are Whole-time Directors and nine are Non-Executive Directors. The three Whole-time Directors include a Managing Director and CEO and two Executive Directors. Of the nine Non-Executive Directors, three Directors represent HDFC which includes one Woman Director, two Directors represent ERGO and four are Independent Directors.

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

All the Independent Directors have confirmed that they satisfy the criteria laid down for an independent director

under Section 149(6) of the Act. None of the Directors of the Company are related to one another. All the Directors of the Company fulfill the 'fit and proper criteria' as mentioned in the Guidelines.

The details of Board of Directors and their directorships in public companies are as under:

Sr. No.	Directors	Category	No. of Directorships <sup>#</sup>
1.	Mr. Deepak S. Parekh	Chairman (Non-Executive)	8
2.	Mr. Keki M. Mistry	Non-Executive Director	9
3.	Ms. Renu Sud Karnad	Non-Executive Director	9
4.	Mr. Alexander Ankel	Non-Executive Director	—
5.	Mr. Andree Moschner*	Non-Executive Director	—
6.	Mr. Theodoros Kokkalas**	Non-Executive Director	—
7.	Dr. Jagdish Khattar <sup>†</sup>	Independent Director	3
8.	Mr. Bernhard Steinruecke	Independent Director	3
9.	Mr. Mehernosh B. Kapadia	Independent Director	3
10.	Mr. Arvind Mahajan	Independent Director	2
11.	Mr. Anuj Tyagi	Executive Director	1
12.	Mr. Mukesh Kumar	Executive Director	—
13.	Mr. Ritesh Kumar	Managing Director and CEO	—
14.	Ms. Rachana Dogra**	Non-Executive Director	—

\*Upto September 26, 2017; \*\*From March 26, 2018;

<sup>†</sup>Upto April 16, 2018; <sup>\*\*</sup>Upto August 15, 2017

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



### **Responsibilities**

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

### **Role of Independent Directors**

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

### **Tenure**

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

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

### **Board Meetings and Procedures**

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

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

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

The members of the Board have access to all information of the Company. Appointed Actuary is a permanent invitee at the Meetings of the Board, Audit and Compliance Committee, Policyholder Protection and Grievance Redressal Committee and Risk Management Committee. Members of Senior Management team are invited to attend the Board and Committee meetings so as to provide additional inputs on the items being discussed. Urgent matters are also considered and approved by passing resolution through circulation, which are noted at the next meeting. The Company Secretary records the

minutes of the proceedings of each Board and Committee meetings. The draft minutes of each Board and Committee meetings are circulated to the members of the Board / Committee within fifteen days from the date of meeting and the comments, if any on the draft minutes are received within seven days of its circulation. The minutes are finalized within thirty days and thereafter recorded in the Minutes Book.

During the year, the Board met five (5) times on April 26, 2017, July 17, 2017, August 18, 2017, October 25, 2017 and January 24, 2018.

During the year, the Board of the Transferor Company met two (2) times on April 28, 2017 and July 18, 2017. The time gap between any two meetings did not exceed 120 days.

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

<b>Directors</b>	<b>No. of Meetings held during the tenure<sup>+</sup></b>	<b>No. of Meetings attended<sup>+</sup></b>
Mr. Deepak S. Parekh	5	5
Mr. Keki M. Mistry	5	5
Ms. Renu Sud Karnad	5	5
Mr. Alexander Ankel	5	3
Mr. Andree Moschner <sup>*</sup>	3	2
Mr. Theodoros Kokkalas <sup>**</sup>	—	—
Dr. Jagdish Khattar <sup>†</sup>	5	5
Mr. Bernhard Steinruecke	7	7
Mr. Mehernosh B. Kapadia	7	7
Mr. Arvind Mahajan	5	5
Mr. Anuj Tyagi	5	5
Mr. Mukesh Kumar	7	7
Mr. Ritesh Kumar	7	7
Ms. Rachana Dogra <sup>**</sup>	2	—

<sup>\*</sup>Upto September 26, 2017; <sup>\*\*</sup>From March 26, 2018;

<sup>†</sup>Upto April 16, 2018; <sup>\*\*</sup> Upto August 15, 2017

<sup>+</sup> Includes meetings held by the Transferor Company

The Board also met on April 16, 2018 and inter-alia considered and approved the audited financial statements for the year ended March 31, 2018.

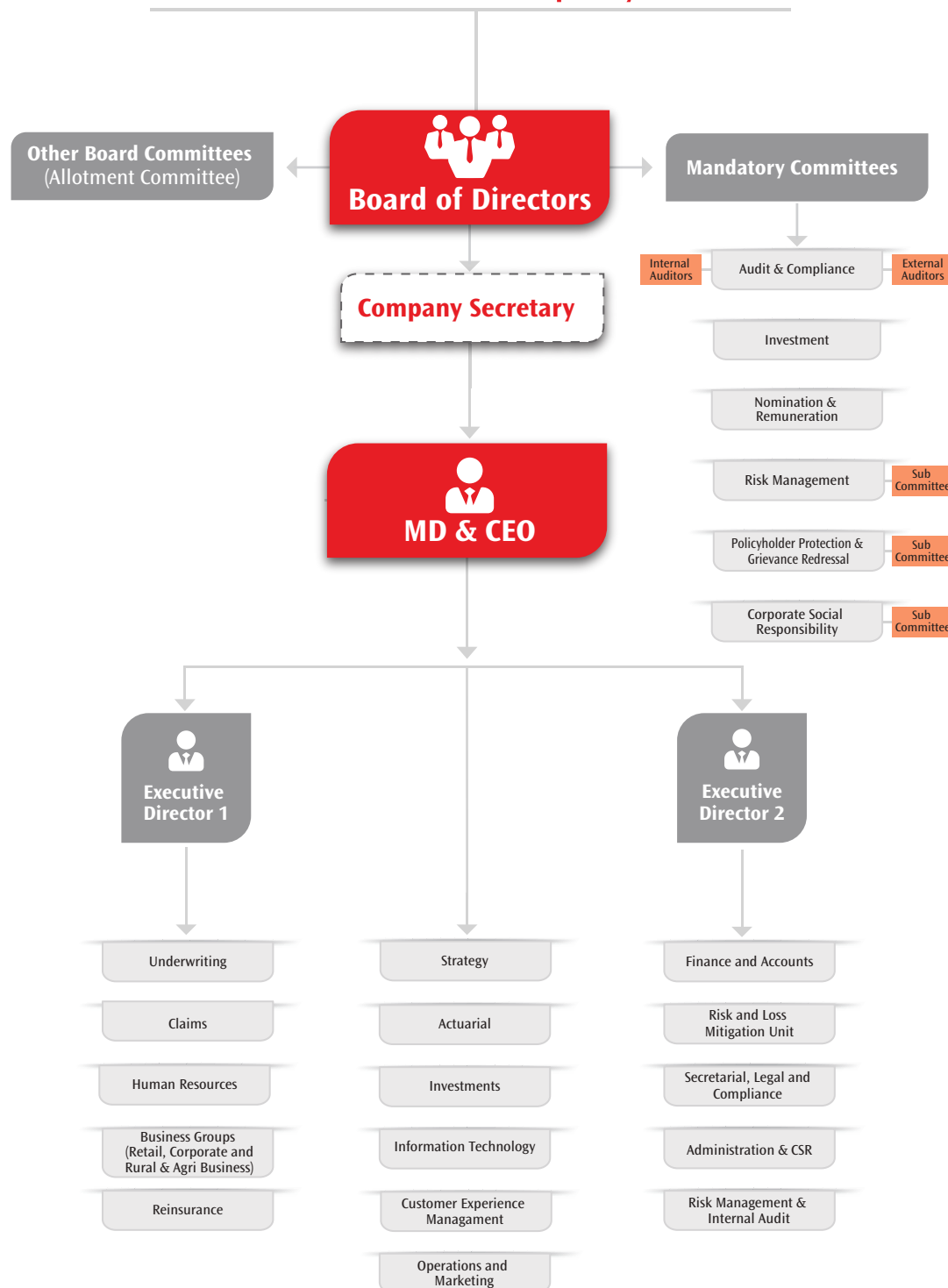
### Committees

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

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

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

## HDFC ERGO General Insurance Company Limited



Note: Executive Director 1 - Mr. Anuj Tyagi; Executive Director 2 - Mr. Samir H. Shah w.e.f. June 1, 2018

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

#### **Audit and Compliance Committee (ACC)**

The Audit and Compliance Committee comprises six (6) members – four Independent Directors and one nominee each of HDFC and ERGO. The Chairman of the Committee is an Independent Director and a qualified Chartered Accountant. The composition of the Committee is in conformity with the provisions of Section 177 of the Act and the Guidelines.

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

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

The Committee inter-alia oversees the financial statements and financial reporting before submission to the Board, internal audit function, compliance function and the work of the Statutory Auditors. It also reviews the reports of the Internal Auditors and Statutory Auditors along with the comments and action taken reports of the Management. The Committee gives appropriate directions to the Management in areas that needs to be strengthened. The Committee reviews and ratifies the related party transactions, monitors age-wise analysis of unclaimed amount of Policyholders, progress on settlement of unclaimed amount and steps taken by the Company to reduce unclaimed amount and suggests appropriate measures thereto, reviews the mechanisms to comply with the provisions of applicable laws, rules, regulations, circulars issued by the Regulators. The Committee recommends to the Board, the appointment or re-appointment of the Statutory Auditors, Internal Auditors,

Secretarial Auditors, Concurrent Auditors, Investment Risk Management Auditors and their remuneration. The Committee and Statutory Auditors discuss the nature and scope of audit prior to the commencement of the audit and areas of concern, if any, arising post audit. The Committee approves the type and nature of other services that can be availed by the Company from the Statutory Auditors. The Committee also oversees internal financial control and risk management systems of the Company and ensures that adequate procedures and processes has been set-up to address all concerns relating to adequacy of checks and control mechanisms.

During the year, the ACC met five (5) times on April 26, 2017, July 17, 2017, August 18, 2017, October 25, 2017 and January 24, 2018.

During the year, the ACC of the Transferor Company met three (3) times on April 28, 2017, July 18, 2017 and July 19, 2017.

The Committee also met on April 16, 2018 for review of the audited financial statements for the year ended March 31, 2018 and recommended the same for the approval of the Board.

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

<b>Members</b>	<b>No. of Meetings held during the tenure<sup>+</sup></b>	<b>No. of Meetings attended<sup>+</sup></b>
Mr. Mehernosh B. Kapadia (Chairman)	8	8
Mr. Bernhard Steinruecke	8	8
Dr. Jagdish Khattar <sup>‡</sup>	6	6
Mr. Arvind Mahajan <sup>*</sup>	6	6
Mr. Keki M. Mistry <sup>*</sup>	6	6
Mr. Alexander Ankel <sup>*</sup>	6	4
Mr. Ritesh Kumar <sup>**</sup>	2	2

<sup>\*</sup> From August 18, 2017; <sup>\*\*</sup> Upto August 18, 2017;

<sup>‡</sup> Upto April 16, 2018

<sup>+</sup> Includes meetings held by the Transferor Company

### Investment Committee (IC)

The Investment Committee comprises seven (7) members – one HDFC Nominee, one ERGO Nominee, one Independent Director, the Managing Director and CEO, the Chief Financial Officer, the Appointed Actuary and the Chief Investment Officer. The composition of the Committee is in conformity with the provisions of the IRDAI (Investment) Regulations, 2016, as amended from time to time.

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

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

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

During the year, the IC met four (4) times on April 26, 2017, July 17, 2017, October 25, 2017 and January 24, 2018. The IC also met on April 16, 2018.

During the year, the IC of the Transferor Company met two (2) times on April 28, 2017 and July 18, 2017.

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 <sup>+</sup>	No. of meetings attended <sup>+</sup>
Mr. Keki M. Mistry* (Chairman)	4	4
Mr. Alexander Ankel*	4	3
Mr. Ritesh Kumar	6	6
Mr. Arvind Mahajan*	4	4
Mr. Puneet Sudan *** (Appointed Actuary)	3	2
Mr. Hiten B. Kothari ** (Appointed Actuary)	1	1
Mr. Samir H. Shah (CFO)	6	6
Mr. Abhiranjan Gupta (Chief Investment Officer)	6	6
Mr. Mehernosh B. Kapadia **	2	2
Mr. Mukesh Kumar **	2	2
Mr. Anurag Rastogi (Appointed Actuary)**	2	1

\*From August 18, 2017; \*\*Upto August 18, 2017;

\*\*\* Upto January 9, 2018; \*\* From January 10, 2018

<sup>+</sup> Includes meetings held by the Transferor Company

The Board of Directors at its meeting held on April 16, 2018 re-constituted the Investment Committee by inducting Mr. Sanjay Mishra, Chief Risk Officer as a Member of the Committee.

### Risk Management Committee (RMC)

The Risk Management Committee comprises six (6) members – two HDFC Nominees, one ERGO Nominee, two Independent Directors and the Managing Director and CEO. The Chairman of the Committee is an Independent Director. During the year, the Committee was re-constituted to induct Mr. Theodoros Kokkalas as an ERGO Nominee in place of Mr. Andree Moschner.

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

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

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

During the year, the RMC met four (4) times on April 26, 2017, July 17, 2017, October 25, 2017 and January 24, 2018. The RMC also met on April 16, 2018.

During the year, the RMC of the Transferor Company met two (2) times on April 28, 2017 and July 18, 2017.

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

Members	No. of Meetings held during the tenure*	No. of meetings attended*
Mr. Bernhard Steinruecke (Chairman)	6	6
Mr. Mehernosh B. Kapadia	6	6
Mr. Keki M. Mistry*	4	4
Ms. Renu Sud Karnad*	4	4
Mr. Andree Moschner***	2	2
Mr. Theodoros Kokkalas***	-	-
Mr. Anuj Tyagi*	4	4
Mr. Ritesh Kumar	6	6
Mr. Mukesh Kumar **	2	2

\* From August 18, 2017; \*\*Upto August 18, 2017;

\*\*\* Upto September 26, 2017; \*\*\*From March 26, 2018

\* Includes meetings held by the Transferor Company

The Company also has a sub-committee of the RMC (SC-RMC) comprising of the Senior Executives of the Company including the Managing Director and CEO and Executive Directors. The terms of reference of SC-RMC inter-alia includes review of the Company's RMF

and its effectiveness, monitoring key areas of existing and emerging risk and assisting the RMC in fulfilling its objectives of managing various risks associated with the business of the Company and on a regular basis review and advise on matters such as IBNR utilization status, premium payment warranty, frauds, business continuity and disaster recovery plan and ALM from a risk perspective.

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

The Policyholder Protection and Grievance Redressal Committee comprises seven (7) members - two Independent Directors, two HDFC Nominees, one ERGO Nominee and two Executive Directors of the Company.

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

The 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 the year, the PPGRC met four (4) times on April 26, 2017, July 17, 2017, October 25, 2017 and January 24, 2018. The PPGRC also met on April 16, 2018.

During the year, the PPGRC of the Transferor Company met two (2) times on April 28, 2017 and July 18, 2017.

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 <sup>+</sup>	No. of meetings attended <sup>+</sup>
Dr. Jagdish Khattar * (Chairman)	4	4
Mr. Arvind Mahajan*	4	4
Mr. Keki M. Mistry*	4	4
Ms. Renu Sud Karnad*	4	4
Mr. Alexander Ankel*	4	3
Mr. Anuj Tyagi*	4	4
Mr. Mukesh Kumar	6	6
Mr. Bernhard Steinruecke**	2	2
Mr. Mehernosh B. Kapadia**	2	2
Mr. Ritesh Kumar**	2	2

\*From August 18, 2017; \*\*Upto August 18, 2017;

<sup>+</sup>Upto April 16, 2018 <sup>+</sup>Includes meetings held by the Transferor Company

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. Dr. Jagdish Khattar, Chairman of the Committee is a former officer of the Indian Administrative Service (IAS) and has a vast experience as Head of PSUs in cement, transport and tea board, etc. He was Managing Director of Maruti Suzuki India Ltd. from 1999 to 2007. As an Independent Director of the Company, Dr. Khattar always vouches for issues involving Policyholders services and redressal of their grievances. As Chairman of the Committee, Dr. Khattar directs and ensures that the Company improvises its grievance redressal mechanism

on a continuous basis and increases its standard of services and adheres to the code of fair practices in true letter and spirit. In Board's view, Dr. Khattar is an expert best suited to take care of the interest of the Policyholders and suggest formulation of requisite policies thereto and assess compliance thereof.

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

#### Nomination and Remuneration Committee (NRC)

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

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 April 26, 2017 and January 24, 2018. The NRC also met on April 16, 2018.

During the year, the NRC of the Transferor Company met once (1) on April 28, 2017.

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 <sup>+</sup>	No. of meetings attended <sup>+</sup>
Dr. Jagdish Khattar <sup>+</sup> (Chairman)	2	2
Mr. Bernhard Steinruecke	3	3
Mr. Mehernosh B. Kapadia	3	3
Mr. Keki M. Mistry <sup>*</sup>	2	2
Ms. Renu Sud Karnad <sup>*</sup>	2	2
Mr. Alexander Ankel <sup>*</sup>	2	2
Mr. Ritesh Kumar <sup>**</sup>	1	1

<sup>+</sup>From August 18, 2017; <sup>\*\*</sup>Upto August 18, 2017;

<sup>+</sup>Upto April 16, 2018 <sup>+</sup>Includes meetings held by the Transferor Company

### Corporate Social Responsibility Committee (CSR)

In accordance with the provisions of Section 135 of the Act, the Board has approved the constitution of the Corporate Social Responsibility Committee for the Company having the same composition as of the Transferor Company, with the Chairman being an Independent Director.

The CSR Committee comprises six (6) members – two Independent Director, two HDFC Nominees, one ERGO Nominee and one Executive Director. During the year, the Committee was re-constituted to induct Mr. Theodoros Kokkalas as an ERGO Nominee in place of Mr. Andree Moschner.

During the year, the Committee met two (2) times on October 25, 2017 and January 24, 2018. The CSR Committee also met on April 16, 2018.

During the year, the CSR Committee of the Transferor Company met two (2) times on April 28, 2017 and July 18, 2017.

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 <sup>+</sup>	No. of meetings attended <sup>+</sup>
Dr. Jagdish Khattar <sup>+</sup> (Chairman)	4	4
Mr. Mehernosh B. Kapadia	4	4
Mr. Deepak S. Parekh	4	4
Ms. Renu Sud Karnad	4	4
Mr. Andree Moschner <sup>*</sup>	-	-
Mr. Theodoros Kokkalas <sup>**</sup>	-	-
Mr. Mukesh Kumar	4	4

<sup>+</sup>Upto September 26, 2017; <sup>\*\*</sup>From March 26, 2018;

<sup>+</sup>Upto April 16, 2018 <sup>+</sup>Includes meetings held by the Transferor Company

The Company has adopted the CSR Policy of the Transferor Company which inter-alia specifies the broad areas of CSR activities that could be undertaken by the Company, approach and process for undertaking CSR projects and the monitoring mechanism. The CSR Policy is available on the website of the Company ([www.hdfcergo.com](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 also has a sub-committee of the CSR Committee (SC-CSR) comprising of the Senior Management team including two Executive Directors. The SC-CSR inter-alia facilitates the CSR Committee in accomplishing its objectives as stipulated under Section 135 of the Act read with CSR Rules and identifies, implements and monitors the CSR projects on a continuous basis.

### Allotment Committee (AC)

In accordance with the applicable provisions of the Act and the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Transferor Company had constituted an Allotment Committee comprising of the following Directors

and the Board has approved the constitution of the Allotment Committee for the Company having the same composition, with the Chairman being an Independent Director.

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

† Upto April 16, 2018

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

#### Remuneration of Non-Executive Directors

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

#### Whistleblower Policy

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

complaint filed where adequate evidence was available.

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

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

The role of ICC is to monitor complaints and redressal of grievances under the Policy. During the year under review, there were two cases reported and closed appropriately. 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.

#### Code of Conduct

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

On behalf of the Board of Directors

**DEEPAK S. PAREKH**  
Chairman  
(DIN: 00009078)

Mumbai  
April 16, 2018

#### Compliance Certificate

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

Mumbai  
April 16, 2018

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

## Management Discussion and Analysis Report

### Macro Economic Environment

With more than 120 economies accounting for more than three quarters of global GDP registering growth on a year-on-year basis, the global economy was back on the path of broad-based growth in 2017. This growth momentum being supported by the tripod of consumption, investment and geographical spread, along with the expected impact of the recently approved U.S. tax policy changes, is estimated to further accelerate growth in 2018. Amongst developed economies – USA and Europe witnessed further consolidation that helped pushing up of Global GDP growth to 3.7%. The emerging economies showed resilience benefitting from global trade and rebound in Commodity price. China remained buoyant despite tightening in liquidity and slow down of their property and financial market. Geopolitical tensions and political uncertainty in some countries continue to pose downside risks to global economic growth. Further, a protracted low interest rate environment with low expected volatility in asset prices runs the risk of investors seeking higher exposures to lower-rated corporates in search of better returns. As such, appropriate and timely tightening is necessary to achieve quality growth.

During the year, the Moody's Investors Service ("Moody's") upgraded the Government of India's local and foreign currency issuer ratings to Baa2 (positive) from Baa3 (stable). This was the first upgrade in 14 years, driven by its assessment that the Government reforms will foster sustainable growth, strengthen India's institutional framework and provide greater assurance that the Government debt will remain stable. Further, the year 2017-18 witnessed the implementation of Goods and Services Tax (GST) in July 2017, a comprehensive indirect tax levy on goods and services. The Indian economy is back on growth path this year, after a transitory slowdown on account of demonetization of specified currency notes affected in FY17. According to the estimates of Central Statistical Office (CSO), the GDP in 2017-18 grew by 6.6% in constant price terms as compared to 7.1% for FY 2016-17. Agriculture, forestry and fishing sectors had a slow year, growing at 3.0% in FY 2017-18 after a 6.3% growth in FY 2016-17. The Service sectors continued to drive growth, with their 7.1% growth in FY 2016-17 followed by 7.5% growth in FY 2017-18. Manufacturing sector witnessed a brief slowdown, growing at 5.1% in FY 2017-18 compared to 7.9% for FY 2016-17. However, the gross fixed capital formation grew at a meagre

rate of 6.8% for April to December 2017 as compared to 11.7% for April to December 2016. At the same time, the RBI estimates that growth for FY 2018-19 would be 7%+ on account of various factors, including stabilization of GST implementation, early signs of revival in investment activity, potential resolution of large distressed borrowers under the Insolvency and Bankruptcy Code, etc.

### General Insurance Industry

FY 2017-18 witnessed the public issues of the largest general insurers in the public and private sectors, and the largest domestic reinsurer, providing the public an opportunity to participate in the Indian general insurance sector. Further, three new private insurer commenced operations. In addition, IRDAI also issued guidelines enabling Private Equity funds to promote Indian insurers, provided they satisfy prescribed fit and proper criteria.

During the year, the Regulator has issued Guidelines on Motor Insurance Service Providers, enabling automobile dealers to solicit and service motor insurance. Further, the Regulator has issued draft Guidelines on Independent Assessment of Statutory Actuarial Valuation to avoid errors or mis-statements while reporting liabilities and revised Prevention of Money-Laundering Rules, requiring customers to submit their Aadhaar/PAN details to insurers within specified timelines. In addition, the National Health Protection Scheme, aimed at providing an annual health insurance cover of ₹ 5 lakh per family to more than 10 crore families belonging to the poor and vulnerable population, was announced in the Union Budget 2018 and was approved by the Cabinet. Lastly, the Motor Vehicles Act continues to await parliamentary approval.

These regulatory changes are expected to improve access to capital to insurers, increase the competitive intensity, deepen the distribution reach, increase penetration and facilitate access to richer customer data to the insurers.

### Segment wise growth and market share

During the year, the General Insurance industry grew by 17.4%, led by Motor, Health, Personal Accident and Crop segments. Motor segment grew by 18.0%, supported by growth in domestic sales of passenger cars (7.9%), commercial vehicles (19.9%) and two-wheelers (14.8%), and revision in rates for the Motor Third Party segment. Health segment (at 22.4%) and Personal Accident segment (at 20.8%) witnessed strong growth largely on the back of improved insurance penetration. The corporate segment grew by 7.2% on a year-on-year basis, resulting

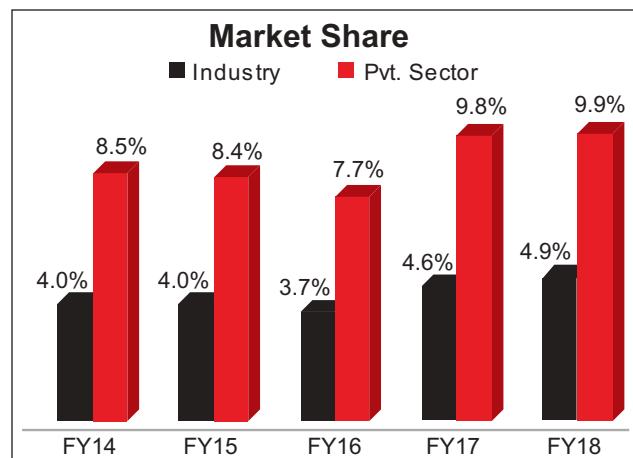
in a 17.1% growth rate for the industry (excluding crop segment). The crop segment registered a growth of 18.9% driven by an increase in insurance penetration.

The segment wise composition of the industry for FY 2017-18 is as follows (figures in brackets represent composition for FY 2016-17): Motor 39% (39%), Accident & Health 28% (27%), Corporate lines 16% (18%) and Crop 17% (16%).

#### Insurer category wise growth and market share

During FY 2017-18, Private sector insurers (including the standalone health insurers) grew by 24%, while Public sector insurers (including the specialized insurers) grew by 12% during the same period. Private sector insurers grew faster than Public sector insurers across all segments i.e. Motor, Accident & Health, Crop and Corporate segments. As a result, the market share of Private sector insurers (including standalone health insurers) has increased from 46.7% in FY 2016-17 to 49.0% in FY 2017-18.

#### Performance Review



The figures for previous years pertain to standalone erstwhile HDFC ERGO.

During the year, the gross written premiums of the Company increased from ₹ 2,252.4 crore to ₹ 7,401.1 crore, registering a growth of 228.6%. The Company achieved a profit after tax of ₹ 403.7 crore as compared to ₹ 124.4 crore during the previous year. The growth in gross written premium and improvement in profit was driven by the portfolio steering measures to improve underwriting profitability, tight control on operating expenses and the merged entity being in force for only one of the four quarters of the previous year as against all four quarters of this financial year.

For a meaningful comparison, the Company presents below an overview of the financial performance of the the Company for FY18 along with comparison with the previous year (including the Transferor Company):

During the year, the Company retained its market share at 4.9% as at March 31, 2018. The gross written premium increased from ₹ 6,289.1 crore (including the Transferor Company) to ₹ 7,401.1 crore, registering a growth of 17.7%. In line with its strategy, the product mix in Motor, Accident & Health, Corporate and Crop segments was at 31% (PY: 29%), 22% (PY: 22%), 17% (PY: 17%) and 30% (PY: 32%) respectively.

The Company registered a growth of 40.8% in its profit after tax from ₹ 286.8 crore during FY17 (including the Transferor Company) to ₹ 403.7 crore during FY18. The increase in profits was driven by the focus on Motor and Accident & Health segments, supported by Corporate and Crop segments.

#### Retail Business Group (RBG)

RBG recorded a growth of 27% during FY18 with premiums reaching ₹ 3,879 crore (PY: ₹ 3,060 crore on a combined basis). The share of RBG's business for FY18 reached 52% from 49% in FY17.

The premiums for non-motor retail products grew by 26% from ₹ 1,289 crore in FY17 to ₹ 1,624 crore in FY18. The business growth in non-Motor lines was led by Retail Health with 40% growth and Retail Personal Accident at 21% growth.

The portfolio correction undertaken in the motor segment in the previous year continued in FY18 as well. A calibrated growth strategy helped achieve 27% growth in Motor business from ₹ 1,771 crore in FY17 to ₹ 2,255 crore in FY18.

Bancassurance channel continued to contribute significantly with ₹ 2,224 crore, growing at 30% over FY17, while the Agency, Automotive Practices and Direct businesses grew by 15% to ₹ 1,370 crore. The Online business continued its strong growth in FY18 and is now contributing 7% of the RBG business.

Strategic Alliances Group enabled the Company to add 24 new partners during the year which is expected to contribute in a significant manner in the coming years.

The emphasis on Renewal business resulted in an increase of renewal retention rates for private car and for health in FY18, signifying the higher level of confidence that the Company enjoys with its customers and channels.



### Corporate Business Group (CBG)

The corporate portfolio in general insurance continues to be competitive and volatile. With limited new asset creation activity, there is stiff competition and resultant stress on pricing particularly on fire premiums which contribute about 50% of the corporate business. The price correction in fire insurance witnessed during the early part of the year was not sustained resulting in steep fall in pricing by the end of the year. Group Health and Marine portfolio still continues to be price sensitive.

The Company continues to build its corporate portfolio selectively focusing on geographic, channel as well as product diversification.

Broking channel is a key channel for corporate business and to harness its full potential, the Company is engaged with large and mid-segment brokers to create the portfolio spread. The contribution from broking channel to corporate business increased to 64% in FY18 from 58% in FY17.

Mid-market segment is growing on a smaller base, and is expected to give desired spread to the corporate business by reaching out to Tier 2 / Tier 3 brokers across geographies.

In terms of new products distribution, the Company witnessed good growth on trade credit insurance.

During FY 2017-18, CBG recorded a business growth of 9% from ₹ 1,207 crore in FY17 to ₹ 1,312 crore in FY18.

### Rural and Agri Business Group (RABG)

Government of India had launched Pradhan Mantri Fasal Bima Yojana (PMFBY) during 2016 with a goal of minimum premium and maximum insurance for the benefit of farming community. Premium rates to be paid by farmer were kept lower as compared to previous crop insurance schemes.

Crop insurance under PMFBY has gained significant outreach whereby the coverage of farmers under the scheme increased by 18% as compared to FY 2015-16 and penetration on Gross Cropped Area (GCA) reached 30% during FY 2016-17. Sum Insured per hectare was changed from value of threshold yield to scale of finance under PMFBY which resulted in increase in overall sum insured by more than 70%. Also, new crop insurance scheme came up with more comprehensive coverage

wherein add on cover such as prevented sowing, post harvest losses, mid season payments, localized risks were added with existing standing crop cover. Government of India envisages increasing the penetration up to 50% of GCA at the national level under PMFBY in the coming years.

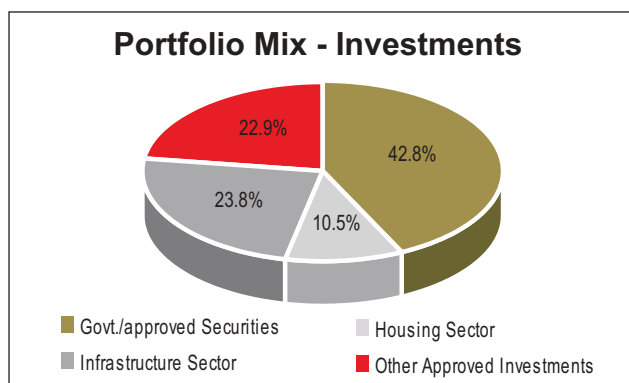
The Company has been participating in Government sponsored Crop insurance scheme from 2010 onwards. During the first year of launch of new PMFBY scheme, the Company had covered more than 5 million farmers in 81 districts across states like Gujarat, Madhya Pradesh, Maharashtra, Odisha, Goa, Assam and Uttarakhand. During FY 2017-18, the Company implemented the scheme in 8 states covering more than 2 million farmers. In order to create awareness of the Scheme in rural areas and increase penetration, the Company conducted comprehensive marketing campaign through press releases, press/radio advertisement, farmer meetings, bankers workshops, banners, leaflets. The Company made investments for usage of satellite based yield forecasting and crop acreage estimation study, keeping in mind the thrust of Government of India on increasing usage of technology for timely and transparent claim settlement.

### Investments

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

As on March 31, 2018, the Investment Assets of the Company stood at ₹ 8,158.7 crore (PY: ₹ 6,932.3 crore). The IRDAI (Investment) Regulations, 2016 requires Non-Life companies to invest 30% of their Investment Assets in Government and approved Securities, 15% in Infrastructure sector and Housing sector. The Company

held ₹ 3,485 crore (42.8%) in Government securities, ₹ 2,800 crore (34.3%) in securities of the Infrastructure and Housing sector. The Company held 84% of its debt assets in Sovereign and AAA or equivalent rated assets, reflecting high degree of safety. Further, the Company held ₹ 1,252 crore in assets maturing within one year. The total investment income for the year ended March 31, 2018 was ₹ 641.1 crore.



### Underwriting

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

In respect of Property classes, there was significant increase in business, due to hardening of rates for large risks, but this was experienced only during the first quarter. During the subsequent quarters, the rate movement has remained flat. Nevertheless, the Company has been able to register robust growth in this class of business, by writing new accounts as well as enhancing its share in existing ones.

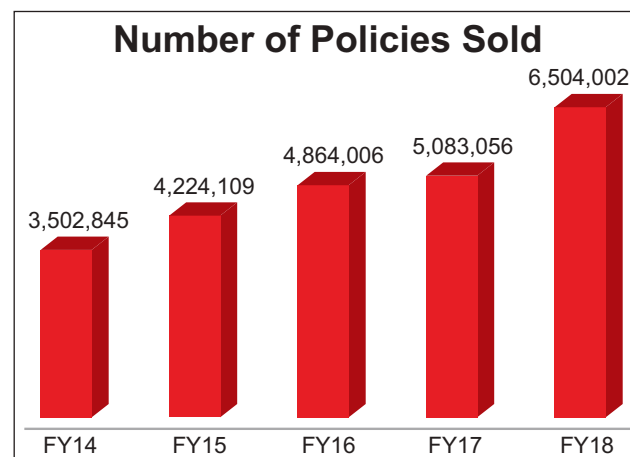
As part of the Company's efforts to diversify the portfolio, the Company has been focusing on the small and medium risks segment. Technological solutions such as point of sale solutions, app-based risk inspection, etc. have been deployed to help achieve faster response times and better customer satisfaction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

On Engineering, the Company's growth is primarily dependent on project and construction risks. Due to several factors, the macroeconomic environment for new projects and capital additions by corporate customers had

been subdued for most part of the year, resulting in muted growth for engineering insurance business.

On Liability, the Company has seen growth in the Cyber Liability Insurance space. This is attributable to increased awareness of cyber attacks, data theft and such other vulnerabilities. Traditional policies like Directors and Officers Liability, Errors and Omissions and Commercial General Liability also saw increased demand with changes in the corporate environment with increased focus on good governance and compliance. The proposed changes in Consumer Protection Act with regard to Product Liability, as well as the implementation of the Bankruptcy and Insolvency Code, are also positive developments for expansion of Liability insurance business.

On Marine insurance, the Company's focus continues to be on selective and targeted segments such as retail and small risks. There is an encouraging movement towards professional and safer transportation in the country, supported by technology, from the unorganized and disaggregated transport operators. The Company's focus will be to partner with such organized logistic firms, to expand the Marine insurance business.

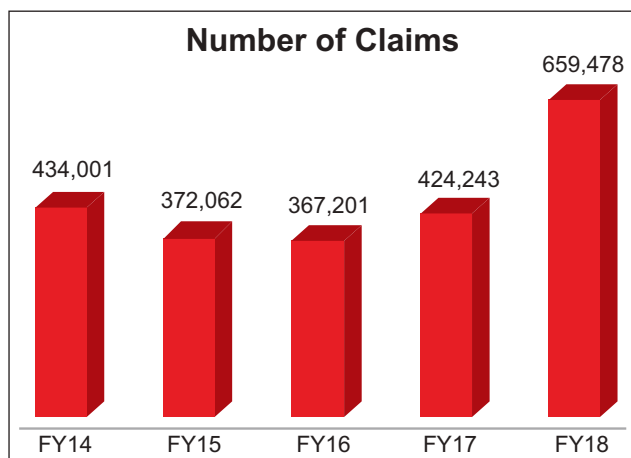


*The figures for previous years pertain to standalone erstwhile HDFC ERGO.*

### Claim Service

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

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



The figures for previous years pertain to standalone erstwhile HDFC ERGO.

### Reinsurance

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

The Company had a successful reinsurance renewal for FY18. There were no major risk losses and CAT events during the year FY17. Reinsurance contracts largely saw a flat renewal. Most reinsurers continued participation on the Company's programs.

Around the start of FY18, branches of foreign reinsurers started operations. This gave the Company easier access to their capacity and technical expertise.

The Company has a strong reinsurance panel comprising of the National Reinsurer - General Insurance Corporation of India, foreign reinsurers who set up their branches in India and cross border reinsurers.

### Operations, Technology and Customer Experience Management

The Company is focused on transforming its operations, on the lines of a Fin-tech company, with all processes

being lean, digital and customer-centric. The Company has launched a transformation program revisiting its processes to further simplify them and make them more customer friendly. In several cases, the Company has made processes real time, straight through with response time improved from hours to minutes. The Company has implemented Chat-bots, Robotics Process Automation (RPA), Optical Character Recognition (OCR) and Artificial Intelligence (AI) solutions in building Next-Gen solutions.

The Company's drive to empower customers with self-service resulted in an improvement in Net Promoter Score, indicating increased customer satisfaction.

The Company also launched AI enabled Chatbot 'DIA' on Amazon's cloud-based voice service, Alexa. The Company envisages a paradigm shift in the way humans interact with technology. The integration of AI Chatbot 'DIA' with Alexa has been programmed to provide customers with a seamless experience to reach out to the Company for insurance related services, simply by using the voice interface. Through this customers can easily locate the nearest network hospital, network garage or HDFC ERGO branches, understand the products offered by HDFC ERGO and get answers to various queries related to General Insurance; simply through a friendly voice enabled conversation.

The Company launched a completely **paperless digital platform** for Health Policies which enabled customers to provide the consent on personal and health proposal information digitally (on mobile/tablet/laptop/desktop). The Company additionally launched a platform backed by machine learning to read and understand Medical Reports of individuals shared by diagnostic centers and provide UW rating for an individual.

The Goods and Services Tax (GST) was one of the most significant tax reforms introduced in the history of the Indian fiscal evolution. It demanded complete revamp of tax implementation in all the core systems and the same was successfully implemented with utmost focus on the quality and accuracy.

The merger of HDFC ERGO General Insurance Company Limited ('Transferor Company') with the Company envisaged synergies based on amalgamation of various processes and Information Technology Systems. The systems required many changes and it was imperative to make those changes accurately and timely in order to

achieve synergies. The team meticulously planned the changes across various systems and executed them as per plan.

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

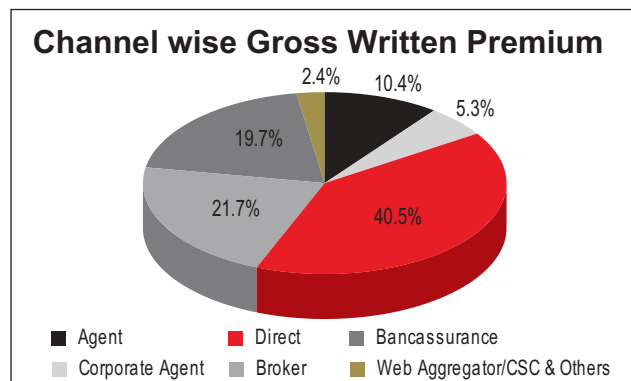
### Distribution Network

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

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

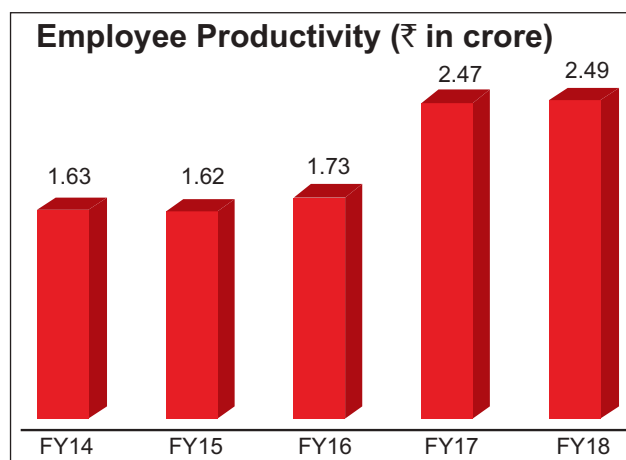
The retail business grew through all channels – Bancassurance, Agency and Direct, from top 8 and beyond top 8 locations.

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



### Human Resources

Pursuant to the merger, the people, policies, processes and structures of the Company and the Transferor Company have been integrated. The Company has migrated to cloud based HRMS tool which has integrated various people related processes.



The figures for previous years pertain to standalone erstwhile HDFC ERGO.

### Risk Management

In line with the inherent nature of its business, the Company has always endeavored to enhance the integrity, intensity and effectiveness of its Risk Management and during the year, made efforts to further strengthen it.

Periodic employee communication has been instituted to raise awareness and reinforce risk-aware behavior.

Risk Management Framework (RMF) encompasses all operating processes for management and monitoring of Entity Level Risk, Insurance Risk, Asset Risk, Operational Risk, Financial Risk and Information Security Risk.

The RMF requires identification of risks and controls within the various processes in the organization and their periodic assessment for inclusion of new risk / modification of existing risks.

The RMF works at all levels across the Company and is a proactive institution-wide program. Existing policies, procedures and controls are used to measure the severity of risk. The RMF requires realistic assessment of the impact and the likelihood of risks to arrive at the risk rating.

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

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

The Internal Audit function continues to be an independent function. It conducts audits of processes and branches

basis the Annual Audit Plan which is approved by the Audit and Compliance Committee. The planning and conduct of internal audits is oriented towards assessing the existence and design of controls and to provide a reasonable assurance on the operating effectiveness of internal controls.

### Risk and Loss Mitigation

The Company has a designated Risk and Loss Mitigation Unit (RLMU) which implements the Fraud Management Framework comprising of Whistleblower Policy, Anti-Fraud Policy and Code of Conduct.

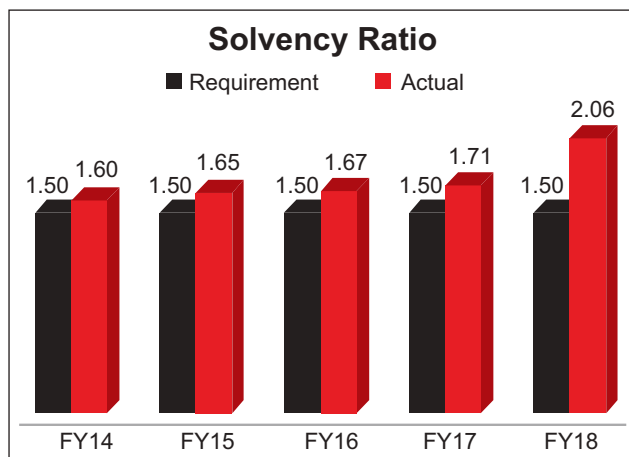
Major activities of RLMU are verification of claims suspected to be fraudulent, filing of Police complaints against the fraudsters, handling related legal matters, recovery of assets, etc. It also has Cost Management Team which procures products and services at optimum price transparently, mostly through online bidding system. RLMU has leveraged on technology extensively whereby it uses Automated Fraud Trigger Systems to red flag suspicious claims dynamically on real time basis. Apart from this it also uses analytics tool and various other applications.

The function is ISO 9001:2015 certified.

### Solvency

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

As on March 31, 2018, the Company had a solvency ratio of 2.06 as against the minimum regulatory requirement of 1.50.



The figures for previous years pertain to standalone erstwhile HDFC ERGO.

### Future Outlook

While the industry has grown at a CAGR of 17.4% over the last 15 years, the insurance penetration as % of GDP as of 2017 was at 0.77%, which continues to represent an opportunity for improving the penetration vis-à-vis comparable economies.

Favorable macroeconomic situation supported by 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 addition, recent regulatory changes are enabling insurer easier access to capacity, capital, distribution reach and customer information than ever before. While this is expected to heighten the competitive intensity at one end, it shall also improve the ability of insurers to provide customized insurance solutions to the customers over the long term.

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

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



## ANNUAL REPORT ON CSR ACTIVITIES

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

### A. CSR Policy

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

The Policy is available on the website of the Company [www.hdfcergo.com](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 also has a Sub-Committee of the CSR (SC-CSR) comprising of the Senior Management team including two Executive Directors. The terms of reference of the Committee inter-alia includes:

- (i) Formulate and recommend CSR Policy to the Board for approval.
- (ii) Recommend for approval of the Board, the amount of expenditure to be incurred on CSR activities in a financial year along with projects to be undertaken, earmarking funds for broad area wise projects.
- (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 CSR Committee.

### C. Scope of activities

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

#### i. Geographical Span of CSR Projects

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

#### ii. Planning

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

### iii. Implementation Methodology

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

The details of major CSR initiatives undertaken by the Company during the financial year 2017-18 are given below -

#### I. Gaon Mera 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 Sanitation, Healthcare, Education and Livelihood in selected village/s.

The Company has selected villages through internal employee nomination in 3 states of India namely Maharashtra, Tamil Nadu and Himachal Pradesh. The 'Gaon Mera' project aims at adopting four villages namely Machala, Jalgaon District & Gadewadi, Satara District in Maharashtra, Singaneri, Tirunelveli, Singaneri District in Tamil Nadu and Raman, Kullu District in Himachal Pradesh and work holistically with all relevant stakeholders in these villages on Government School reconstruction program to make a sustainable impact in the lives of the marginalized communities living in these villages.

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

- i. PHD Rural Development Foundation (PHD RDF-New Delhi) for Raman School reconstruction project in Kullu District, Himachal Pradesh.
- ii. Ashwamegh Gramin Panlot Kshetra Vikas Va Shaikshanik Sanstha (AGVSS-Amravati) for Machala,

Jalgaon & Gadewadi, Satara School reconstruction project in Maharashtra.

- iii. Social Awareness & Development Organization for Women (SAADOW) for Singaneri School reconstruction project in Tirunelveli District, Tamil Nadu.

The main objective of the program is to address the need for sustainable educational infrastructure and support system for rural development and to recognize and analyze the needs and aspirations of the stakeholders for holistic advancement of education in the communities. The broad goal of the project is to evolve a model of integrated school development which can later on be scaled up and replicated in different locations. The project will work towards sustainable development in core focus education areas while maintaining inherent socio-cultural fabric of the village. Preliminary investigation in the start-up phase has been undertaken by CAF India in the form of rapid need assessment and development of project proposal. Government School Construction project was 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.

## II. Additional Spent Under Gaon Mera School Reconstruction & Development Project in 2 Identified Villages:

Govt. Primary School of Sarsai village, District Kullu, Himachal Pradesh and Govt. Primary & High School Kolamba village, District Jalgaon, Maharashtra had been selected for reconstruction under the Company's CSR Initiative – 'Gaon Mera' FY17. During FY18, the Company supported in upgrading certain infrastructure of these schools involving an amount of ₹ 10.77 lakh. Charities Aid Foundation (CAF) India was also working as an Implementation Partner for the projects.

## 2. Composition of the CSR Committee

1. Dr. Jagdish Khattar<sup>†</sup> — Chairman - Independent Director
2. Mr. Mehernosh B. Kapadia — Independent Director
3. Mr. Deepak S. Parekh — Non - Executive Director
4. Ms. Renu Sud Karnad — Non - Executive Director
5. Mr. Theodoros Kokkalas\* — Non - Executive Director
6. Mr. Andree Moschner\*\* — Non - Executive Director
7. Mr. Mukesh Kumar — Executive Director and Chairman – CSR Sub-Committee

\*From March 26, 2018; \*\* Upto September 26, 2017; † Upto April 16, 2018

## 3. Average net profit of the Company for last three financial years: NIL

Since there is average net loss (for last three financial years), as per Section 135 of the Act, the Company was not required to spend any amount on CSR activities for FY 2017-18.

## 4. Prescribed CSR expenditure (two percent of the amount as in item 3. above): NIL

### 4A. Voluntary CSR expenditure approved by the Board: ₹ 4.00 crore

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

- (a) Total voluntary CSR amount to be spent for the financial year: ₹ 4.00 crore
- (b) Amount spend during the year: ₹ 4.00 crore (₹ 3.63 crore disbursed and balance amount of ₹ 0.37 crore has been earmarked and would be disbursed in FY 2018-19 as CSR spend of FY 2017-18).
- (c) Amount unspent, if any: NIL

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

1	2	3	4	5	6	7	8
Sr. No.	Projects / Activities	Sector	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken {District (State)}	Amount outlay (budget) projects or programs – wise (₹)	Amount spent on projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹)	Cumulative expenditure up to the reporting period (₹)	Amount spent: Direct or through implementing agency
1	Reconstruction project of Govt. Schools in 4 villages under Gaon Mera	Overall development of Govt. school by reconstruction and enriching resources with focus on Education	Machala, Jalgaon (Maharashtra)	7,158,944	Direct expenditure	6,443,050	Through implementing partner CAF-India
			Gadewadi, Satara (Maharashtra)	5,748,308	Direct expenditure	5,173,477	
			Raman, Kullu (Himachal Pradesh)	9,868,610	Direct expenditure	8,881,749	
			Singaneri, Tirunelveli (Tamil Nadu)	5,224,140	Direct expenditure	4,701,726	
2	Additional work of Govt. School in 2 villages under Gaon Mera	Overall development of Govt. school by reconstruction and enriching resources with focus on Education	Kolamba, Chopda, Jalgaon (Maharashtra)	970,590	Direct expenditure	649,047	Through implementing partner CAF-India
			Sarsai, Naggar, Kullu (Himachal Pradesh)	107,256	Direct expenditure	64,353	
3	Beautification and plantation of 3 Traffic Islands at Santacruz Chembur Link Road	Environment	Mumbai (Maharashtra)	3,080,635	Direct expenditure	3,080,635	Through implementing partner CAF-India
4	Raincoat donation & distribution to Mumbai Traffic Police	Health care	Mumbai (Maharashtra)	3,180,000	Direct expenditure	3,180,000	Direct
5	Pollution mask distribution to Delhi Government Schools	Environment	7 Government schools in Delhi State	422,500	Direct expenditure	422,500	Direct
6	Donation to Nalanda Foundation for organizing Road Safety Program	Preventive Health care awareness	Mumbai (Maharashtra)	200,000	Direct expenditure	200,000	Through Nalanda Foundation
7	Beautification and plantation of central median stretch from Gandhinagar Junction to Sonapur Junction, Bhandup, Mumbai	Environment	Mumbai (Maharashtra)	4,039,019	Direct expenditure	3,509,509	Through implementing partner CAF-India
8	Other CSR expenditure	Environment	NA	31,477	Direct expenditure	31,477	Direct
	<b>TOTAL</b>			<b>40,031,479</b>		<b>36,337,523</b>	

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

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

Undertakings, Indian commercial giants by delivering their CSR commitments successfully. Last year CAF worked with over 56 corporate partners, 65,000 individuals, 340 NGOs, supporting over 549 projects across 24 states of India.

Of the total CSR amount of ₹ 40,000,000 earmarked to be spent during the financial year 2017-18, the Company disbursed ₹ 36,337,523 and an amount of ₹ 3,693,956 has been earmarked and would be disbursed in FY 2018-19 as CSR spend of FY 2017-18, thus resulting in a total CSR spend of ₹ 40,031,479 for FY 2017-18. Further, during the year, the Company disbursed ₹ 9,888,444 being earmarked CSR amount pertaining to previous year.

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

**Mukesh Kumar**  
(Executive Director)  
(DIN: 06864359)

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

**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on March 31, 2018**

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

**I. REGISTRATION AND OTHER DETAILS**

- i) CIN: U66030MH2007PLC177117
- ii) Registration Date: December 27, 2007
- iii) Name of the Company: HDFC ERGO GENERAL INSURANCE COMPANY LIMITED  
(Formerly HDFC General Insurance Limited from September 14, 2016 and L&T General Insurance Company Limited upto September 13, 2016)
- iv) Category / Sub-Category of the Company: General Insurance
- v) Address of the Registered office and contact details: HDFC House, 1<sup>st</sup> Floor, 165-166, Backbay Reclamation, H.T. Parekh Marg, Churchgate, Mumbai – 400020 | E-mail: care@hdfcergo.com | Website: www.hdfcergo.com  
Tel. No.: +91 22-66383600 | Fax No.: +91 22-66383699
- vi) Whether listed company: The Debt Securities (NCD) are listed at BSE Limited.
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: Karvy Computershare Private Limited, Corporate Registry, Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500032 | E-mail: support@karvy.com  
Website: www.karvycomputershare.com | Tel No.: +91 40-67161500 | Fax No.: +91 40-23311968

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr. No.	Name and Description of main products/services	NIC Code of the product/ service	% to total turnover of the Company
1	Weather/Crop Insurance	General Insurance (Non-Life) 6512 (sub-class 65120)	29.74
2	Motor OD Insurance	General Insurance (Non-Life) 6512 (sub-class 65120)	18.47
3	Health Insurance	General Insurance (Non-Life) 6512 (sub-class 65120)	13.43
4	Motor TP Insurance	General Insurance (Non-Life) 6512 (sub-class 65120)	12.70

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Housing Development Finance Corporation Limited Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai - 400 020.	L70100MH1977PLC019916	Holding	50.475	2(46)



#### IV. SHARE HOLDING PATTERN

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a) Individual/ HUF	—	—	—	—	—	—	—	—	—
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp.	305,005,628	60	305,005,688	50.795	305,409,928	60	305,409,988	50.475	(0.320)
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any Other	—	—	—	—	—	—	—	—	—
<b>Sub-total (A)(1):</b>	<b>305,005,628</b>	<b>60</b>	<b>305,005,688</b>	<b>50.795</b>	<b>305,409,928</b>	<b>60</b>	<b>305,409,988</b>	<b>50.475</b>	<b>(0.320)</b>
<b>2. Foreign</b>									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
b) Other - Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corp	292,202,312	—	292,202,312	48.663	292,202,312	—	292,202,312	48.292	(0.371)
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) Any Other	—	—	—	—	—	—	—	—	—
<b>Sub-total (A)(2):</b>	<b>292,202,312</b>	<b>—</b>	<b>292,202,312</b>	<b>48.663</b>	<b>292,202,312</b>	<b>—</b>	<b>292,202,312</b>	<b>48.292</b>	<b>(0.371)</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>597,207,940</b>	<b>60</b>	<b>597,208,000</b>	<b>99.458</b>	<b>597,612,240</b>	<b>60</b>	<b>597,612,300</b>	<b>98.767</b>	<b>(0.691)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	—	—	—	—	—	—	—	—	—
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
<b>Sub-total (B)(1):</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	—	—	—	—	—	—	—	—	—
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	130,100	—	130,100	0.022	69,250	—	69,250	0.012	(0.098)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3,127,750	—	3,127,750	0.521	7,390,250	—	7,390,250	1.221	0.700
c) Others	—	—	—	—	—	—	—	—	—
<b>Sub-total (B)(2):</b>	<b>3,257,850</b>	<b>—</b>	<b>3,257,850</b>	<b>0.543</b>	<b>7,459,500</b>	<b>—</b>	<b>7,459,500</b>	<b>1.233</b>	<b>0.69</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>3,257,850</b>	<b>—</b>	<b>3,257,850</b>	<b>0.543</b>	<b>7,459,500</b>	<b>—</b>	<b>7,459,500</b>	<b>1.233</b>	<b>0.69</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
	—	—	—	—	—	—	—	—	—
<b>Grand Total (A+B+C)</b>	<b>600,465,790</b>	<b>60</b>	<b>600,465,850</b>	<b>100.00</b>	<b>605,071,740</b>	<b>60</b>	<b>605,071,800</b>	<b>100.00</b>	<b>—*</b>

\*During the year, the Company allotted 4,605,950 equity shares of ₹ 10 each under ESOP-2009.

## (ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
		No. of Shares	% of Total Shares	% of Shares Pledged / encumbered to Total Shares	No. of Shares	% of Total Shares	% of Shares Pledged / encumbered to Total Shares	
1	Housing Development Finance Corporation Limited	305,005,688	50.795	—	305,409,988	50.475	—	(0.320)
2	ERGO International AG	292,202,312	48.663	—	292,202,312	48.292	—	(0.371)
	<b>Total</b>	<b>597,208,000</b>	<b>99.458</b>	<b>—</b>	<b>597,612,300</b>	<b>98.767</b>	<b>—</b>	<b>(0.691)</b>

## (iii) Change in Promoters' Shareholding

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding	
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1.	Name of Promoter: <b>Housing Development Finance Corporation Limited - Indian Promoter</b>				
	At the beginning of the year	305,005,688	50.795	305,005,688	50.795
	Date wise Increase/Decrease in Shareholding during the year				
	Purchase of shares from employees under ESOP-2009 on November 27, 2017	404,300	0.067	305,409,988	50.475
	At the end of the year	305,409,988	50.475	305,409,988	50.475
2.	Name of Promoter: <b>ERGO International AG - Foreign Promoter</b>				
	At the beginning of the year	292,202,312	48.663	292,202,312	48.663
	Date wise Increase/ Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	292,202,312	48.292	292,202,312	48.292

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

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date wise Increase/ Decrease		Cumulative Shareholding		Shareholding at the End of the year	
		No. of Shares	% of Total Shares	No. of Shares allotted under ESOP on September 30, 2017	% of Total Shares	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1	Samir H. Shah*	150,000	0.025	336,000	0.056	486,000	0.080	486,000	0.080
2	Ankur Bahorey*	115,000	0.019	340,000	0.562	455,000	0.075	455,000	0.075
3	Mehmood Mansoori*	240,000	0.040	147,500	0.024	387,500	0.064	387,500	0.064
4	Subramanian Gopalakrishnan*	218,750	0.036	118,750	0.019	337,500	0.056	337,500	0.056
5	Karan Chopra*	322,500	0.054	—	—	322,500	0.053	322,500	0.053
6	Kailashchandra Panda*	127,500	0.021	16,750	0.003	144,250	0.024	144,250	0.024
7	Hari Radhakrishnan*	128,500	0.021	32,000	0.005	160,500	0.026	160,500	0.026
8	Kapil Mhadgut*	108,000	0.018	—	—	108,000	0.018	108,000	0.018
9	Mukesh G Sachdev*	102,000	0.017	—	—	102,000	0.017	102,000	0.017
10	Atul Gujrathi#	111,000	0.018	88,000	0.015	199,000	0.033	199,000	0.033
11	Diwakar Asthana#	—	—	200,000	0.033	200,000	0.033	200,000	0.033
12	Abhiranjan Gupta#	93,000	0.015	71,000	0.012	164,000	0.027	164,000	0.027
13	Ashish Hallan#	—	—	133,000	0.022	133,000	0.022	133,000	0.022

\*Common top 10 shareholders as on April 1, 2017 and March 31, 2018; \* Top 10 shareholders as on April 1, 2017; # Top 10 shareholders as on March 31, 2018

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year		Date wise Increase/ Decrease		Cumulative shareholding		Shareholding at the end of the year	
		No. of Shares	% of Total Shares	No. of Shares allotted under ESOP on September 30, 2017	% of Total Shares	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1	Ritesh Kumar - MD & CEO	10,000	0.001	959,500	0.159	969,500	0.160	969,500	0.160
2	Mukesh Kumar – Executive Director	123,500	0.021	370,000	0.061	493,500	0.082	493,500	0.082
3	Anuj Tyagi – Executive Director	59,500	0.009	426,500	0.070	486,000	0.080	486,000	0.080
4	Samir H. Shah - Member of Executive Management & CFO	150,000	0.025	336,000	0.056	486,000	0.080	486,000	0.080
5	Dayananda V. Shetty- Executive Vice President- Legal & Compliance and Company Secretary	—	—	33,000	0.005	33,000	0.005	33,000	0.005

V. INDEBTEDNESS

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

(₹ in crore)

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

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total
		Ritesh Kumar (Managing Director and CEO)	Mukesh Kumar (Executive Director)	Anuj Tyagi (Executive Director)	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	52,000,066	20,080,941	19,577,933	91,658,940
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1,827,009	732,713	707,609	3,267,331
	(c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	—	—	—	—
2	Number of Stock Options granted during the year	300,000	150,000	150,000	600,000
3	Sweat Equity	—	—	—	—
4	Commission				
	— As % of profit	—	—	—	—
	— Others, specify	—	—	—	—
5	Others, please specify	—	—	—	—
	<b>Total (A)</b>	<b>53,827,075</b>	<b>20,813,654</b>	<b>20,285,542</b>	<b>94,926,271</b>
	Ceiling as per the Act	Refer Note 1			

### B. REMUNERATION TO OTHER DIRECTORS

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors				Total
		Bernhard Steinruecke	Mehernosh B. Kapadia	Jagdish Khattar	Arvind Mahajan	
1	<b>Independent Directors</b>					
	• Fee for attending Board/ Committee meetings*	2,250,000	2,750,000	2,200,000	2,000,000	9,200,000
	• Commission	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
	• Others, please specify	—	—	—	—	—
	<b>Total (1)</b>	<b>3,250,000</b>	<b>3,750,000</b>	<b>3,200,000</b>	<b>3,000,000</b>	<b>13,200,000</b>

		Deepak S. Parekh	Keki M. Mistry	Renu Sud Karnad		
2	<b>Other Non – Executive Directors</b>					
	• Fee for attending Board/ Committee meetings*	900,000	2,500,000	1,900,000	—	5,300,000
	• Commission	—	—	—	—	—
	• Others, please specify	—	—	—	—	—
	<b>Total (2)</b>	<b>900,000</b>	<b>2,500,000</b>	<b>1,900,000</b>	<b>—</b>	<b>5,300,000</b>
	<b>Total (B) = (1+2)</b>	<b>4,150,000</b>	<b>6,250,000</b>	<b>5,100,000</b>	<b>3,000,000</b>	<b>18,500,000</b>
	<b>Total remuneration to Non-Executive Directors, excluding sitting fee (Refer Note – 2)</b>					4,000,000
	Ceiling as per the Act (Refer Note – 2)					40,370,570
	Total Managerial Remuneration					98,926,271
	Overall Ceiling as per the Act	Refer Note 1 & 2				

\* The sitting fees received from the Transferor Company for the period from April 1, 2017 to August 15, 2017 and the Company from April 1, 2017 to March 31, 2018 has been included.

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

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

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Dayananda V. Shetty (Company Secretary)	Samir H. Shah (CFO)	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	6,112,247	15,491,794	21,604,041
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	306,624	1,055,593	1,362,217
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	—	—	—
2	Number of Stock Options granted during the year	30,000	120,000	150,000
3	Sweat Equity	—	—	—
4	Commission	—	—	—
	— As % of profit	—	—	—
	— Others, specify	—	—	—
5	Others, please specify	—	—	—
	<b>Total</b>	<b>6,418,871</b>	<b>16,547,387</b>	<b>22,966,258</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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



## Secretarial Audit Report for the Financial Year Ended 31st March, 2018

*[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**  
(Formerly HDFC General Insurance Limited from September 14, 2016 and L&T General Insurance Company Limited upto September 13, 2016)

**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** (Formerly HDFC General Insurance Limited from September 14, 2016 and L&T General Insurance Company Limited upto September 13, 2016) (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, 2018** 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, 2018 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, 2009#;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014#;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009#; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998#;

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

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

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

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

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

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

**We further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

**We further report** that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure

compliance with applicable laws, rules, regulations and guidelines.

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

- i. The National Company Law Tribunal, Mumbai Bench at its final hearing held on June 23, 2017, approved the Scheme of Arrangement for merger of the Transferor Company (HDFC ERGO General Insurance Company Limited) with the Company. The Insurance Regulatory and Development Authority of India vide its letter dated August 14, 2017 gave its final approval to the merger with the Effective Date as August 16, 2017. Pursuant to the Scheme, the Company retained the name of the Transferor Company which was duly approved by the Ministry of Corporate Affairs.
- ii. Members' approval has been accorded at the Extra Ordinary General Meeting held on August 18, 2017, pursuant to Section 14 of the Companies Act, 2013 for adoption of revised Articles of Association in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

**For Bhandari & Associates**  
Company Secretaries

**S. N. Bhandari**  
Partner

Mumbai  
April 16, 2018

FCS No.: 761; C P No.: 366

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

## Annexure 'A'

To,

The Members,

**HDFC ERGO General Insurance Company Limited**

**CIN: U66030MH2007PLC177117**

Our Secretarial Audit Report for the Financial Year ended on March 31, 2018 of even date is to be read along with this letter.

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

**For Bhandari & Associates**  
Company Secretaries

**S. N. Bhandari**  
Partner

FCS No.: 761; C P No.: 366

Mumbai  
April 16, 2018

## Independent Auditors' Report

**TO THE MEMBERS OF HDFC ERGO GENERAL INSURANCE COMPANY LIMITED**  
(formerly known as HDFC General Insurance Limited which was earlier known as L&T General Insurance Company Limited)

### Report on the Financial Statements

We have audited the accompanying financial statements of **HDFC ERGO GENERAL INSURANCE COMPANY LIMITED** (formerly known as HDFC General Insurance Limited which was earlier known as L&T General Insurance Company Limited) (the "Company"), which comprise the Balance Sheet as at March 31, 2018, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account for the year ended March 31, 2018 and summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and receipts and payment of the Company in accordance with the requirement of the Insurance Act, 1938, as amended by the Insurance Laws (Amendment) Act, 2015 (the "Insurance Act") read with Insurance Regulatory and Development Act, 1999 (the "IRDA Act"), Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report Insurance Companies) Regulations, 2002 (the "Regulations"), orders/directions, circulars, guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI) in this regard and in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 read together to the extent applicable and in the manner so required. This responsibility also includes maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Insurance Act, the IRDA Act, the Regulations, the Companies Act and the Rules made there under including the accounting standards to the extent applicable and auditing standards and matters which are required to be included in the audit report.

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements are prepared in accordance with the requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, the Regulations and the Companies Act 2013, to the extent applicable and in the manner so required, and give a true and fair view in conformity with the accounting principles

## Independent Auditors' Report (Continued)

generally accepted in India, as applicable to Insurance Companies:

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2018;
- ii. in the case of the Revenue Accounts, of the operating loss in so far as it relates to the Fire Revenue Account and the Marine Revenue Account and the operating profit in so far as it relates to the Miscellaneous Revenue Account for the year ended March 31, 2018;
- iii. in the case of the Profit and Loss Account, of the profit for the year ended March 31, 2018; and
- iv. in the case of the Receipts and Payments Account, of the receipts and payments for the year ended March 31, 2018.

### Other Matter

The estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), included under Claims Outstanding as at March 31, 2018 has been duly certified by the Company's Appointed Actuary, and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the financial statements of the Company.

### Report on Other Legal and Regulatory Requirements

1. As required by the IRDA Financial Statements Regulations, we have issued a separate certificate dated April 16, 2018 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDA Financial Statements Regulations.
2. As required by the IRDA Financial Statements Regulations, read with Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of the audit and have found them to be satisfactory;
  - (b) In our opinion 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 maintained by the Company so far as it appears from our examination of those books;

- (c) As the Company's financial accounting system is centralised, no returns for the purposes of our audit are prepared at the branches of the Company;
- (d) The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account dealt with by this report are in agreement with the books of account;
- (e) In our opinion 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 Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders / directions issued by the IRDAI in this behalf;
- (f) In our opinion and to the best of our information and according to the explanations given to us, investments have been valued in accordance with the provisions of the Insurance Act, the IRDA Financial Statements Regulations and/or orders/directions issued by the IRDAI in this regard.
- (g) In our opinion 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 Companies Act, 2013 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
- (h) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.



## Independent Auditors' Report (Continued)

- (i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us;
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 16 Note 4 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for

which there were any material foreseeable losses.

- iii. There are no amounts which are required to be transferred, to the Investor Education and Protection Fund by the Company for the year ended March 31, 2018.

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

Chartered Accountants  
Firm's Registration No.: 105102W

**Padmini Khare Kaicker**

Partner  
Membership No.: 044784

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

Chartered Accountants  
Firm's Registration No.: 104767W

**Rajen Ashar**

Partner  
Membership No. 048243

Mumbai,  
April 16, 2018

## Annexure “A” to the Independent Auditors’ Report

(Referred to in paragraph 2(i) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the “Act”)

We have audited the internal financial controls over financial reporting of **HDFC ERGO GENERAL INSURANCE COMPANY LIMITED** (formerly known as HDFC General Insurance Limited which was earlier known as L&T General Insurance Company Limited) (the “Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

The estimate of claims Incurred But Not Reported (“IBNR”) and claims Incurred But Not Enough Reported (“IBNER”), included under Claims Outstanding as at March 31, 2018 has been duly certified by the Company’s Appointed Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor’s Report of Insurance Companies) Regulations, 2002 (the “IRDA Financial Statements Regulations”), and has been relied upon by us, as mentioned in “Other Matter” paragraph of our audit report on the financial statements of the Company as at and for the year ended March 31, 2018. In view of this, we did not perform any procedures relating to internal financial controls over financial reporting in respect of the valuation and accuracy of the actuarial valuation of estimate of claims IBNR and claims IBNER.

### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (the “ICAI”).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information,

as required under the Insurance Act, 1938, as amended by the Insurance Laws (Amendment) Act, 2015 (the “Insurance Act”) read with Insurance Regulatory and Development Act, 1999 (the “IRDA Act”), Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor’s Report Insurance Companies) Regulations, 2002 (the regulations”), orders/directions, circulars, guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI) in this regard.

### Auditor’s Responsibility

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

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

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

### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial

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

reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

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

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

**Rajen Ashar**  
Partner  
Membership No. 048243

Mumbai,  
April 16, 2018

## Independent Auditors' Certificate

(Referred to in paragraph 1 of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditor's Report dated April 16, 2018)

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

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

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

In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of account and other records maintained by the Company for the year ended March 31, 2018, we certify that:

1. We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2018, and on the basis of our review, there is no apparent mistake or material inconsistencies with the financial statements;
2. Based on the Management representations and compliance certificates submitted to the Board of Directors by the officers of the Company charged with compliance and the same being noted by the Board, we certify that the Company has complied with the terms and conditions of registration stipulated by the IRDAI;
3. We have verified the cash balances, to the extent considered necessary, and securities relating to the Company's investments as at March 31, 2018, by actual inspection or on the basis of certificates/confirmations received from the Custodian and/or Depository Participants appointed by the Company, as the case may be;
4. The Company is not a trustee of any trust; and
5. No part of the assets of the Policyholders' Funds has been directly or indirectly applied in contravention to the provisions of the Insurance Act, relating to the application and investments of the Policyholders' Funds.

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

Chartered Accountants

Firm's Registration No.: 105102W

**Padmini Khare Kaicker**

Partner

Membership No.: 044784

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

Chartered Accountants

Firm's Registration No.: 104767W

**Rajen Ashar**

Partner

Membership No. 048243

Mumbai,

April 16, 2018

**FORM B - BS**

IRDAI Registration No: 146

Date of Registration with the IRDAI: July 09, 2010

**Balance Sheet as at March 31, 2018**

Particulars	Schedule	As at March 31, 2018 (₹ '000)	As at March 31, 2017 (₹ '000)
<b>SOURCES OF FUNDS</b>			
SHARE CAPITAL	5	6,050,718	6,004,659
RESERVES AND SURPLUS	6	11,560,400	8,843,730
FAIR VALUE CHANGE ACCOUNT - SHAREHOLDERS		43,185	133,927
FAIR VALUE CHANGE ACCOUNT - POLICY HOLDERS		150,889	375,349
BORROWINGS	7	3,500,000	3,500,000
DEFERRED TAX LIABILITY (Refer note 15 of Schedule 16)		36,326	—
<b>TOTAL</b>		<b>21,341,518</b>	<b>18,857,665</b>
<b>APPLICATION OF FUNDS</b>			
INVESTMENTS - SHAREHOLDERS	8	18,154,614	18,230,354
INVESTMENTS - POLICYHOLDERS	8A	63,433,015	51,092,887
LOANS	9	—	—
FIXED ASSETS	10	2,095,017	1,488,386
CURRENT ASSETS			
Cash and Bank Balances	11	4,370,413	2,019,989
Advances and Other Assets	12	15,492,246	15,004,521
Sub-Total (A)		19,862,659	17,024,510
CURRENT LIABILITIES	13	59,339,619	50,703,070
PROVISIONS	14	22,864,168	18,275,402
Sub-Total (B)		82,203,787	68,978,472
<b>NET CURRENT ASSETS/(LIABILITIES) (C) = (A-B)</b>		<b>(62,341,128)</b>	<b>(51,953,962)</b>
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	—	—
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		—	—
<b>TOTAL</b>		<b>21,341,518</b>	<b>18,857,665</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

Mumbai,  
Dated: April 16, 2018

For and on behalf of the Board of Directors

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

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

**Renu Sud Karnad**  
Director  
(DIN: 00008064)

**Alexander Ankel**  
Director  
(DIN: 07798908)

**Theodoros Kokkalas**  
Director  
(DIN: 08093899)

**Bernhard Steinruecke**  
Independent Director  
(DIN: 01122939)

**Mehernosh B. Kapadia**  
Independent Director  
(DIN: 00046612)

**Arvind Mahajan**  
Independent Director  
(DIN: 07553144)

**Mukesh Kumar**  
Executive Director  
(DIN: 06864359)

**Anuj Tyagi**  
Executive Director  
(DIN: 07505313)

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

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

**Dayananda V. Shetty**  
Executive Vice President  
- Legal & Compliance  
and Company Secretary  
(Membership No.: FCS  
4638)



**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, 2018**

Particulars	Schedule	For the year ended March 31, 2018 (₹ '000)	For the year ended March 31, 2017 (₹ '000)
<b>OPERATING PROFIT/(LOSS)</b>			
Fire Insurance		(134,501)	(77,748)
Marine Insurance		(98,262)	(12,441)
Miscellaneous Insurance		<u>4,944,181</u>	<u>909,581</u>
		<u>4,711,418</u>	<u>819,392</u>
<b>INCOME FROM INVESTMENTS</b>			
Interest, Dividend and Rent – Gross		1,370,571	443,559
Profit on sale of investments		185,296	162,226
Less: Loss on sale of investments		—	—
Accretion/(Amortisation) of Debt Securities		<u>(26,296)</u>	<u>(6,613)</u>
		<u>1,529,571</u>	<u>599,172</u>
<b>OTHER INCOME</b>		—	—
<b>TOTAL (A)</b>		<u>6,240,989</u>	<u>1,418,564</u>
<b>PROVISIONS (OTHER THAN TAXATION)</b>			
For diminution in the value of investments		—	—
For doubtful debts		<u>(87,241)</u>	<u>94,491</u>
		<u>(87,241)</u>	<u>94,491</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)		62,351	12,014
Corporate Social Responsibility Expenses (Refer note 32 of Schedule 16)		46,226	13,791
Bad debts written off		670,428	—
Remuneration to directors and others		4,000	3,380
Amalgamation Expenses		142,128	10,562
Interest on Debentures		266,000	65,633
Expenses transferred from Policy holders' Account		—	3,169
Penalty (Refer note 35 of Schedule 16)		<u>4,416</u>	<u>1,500</u>
<b>TOTAL (B)</b>		<u>1,108,308</u>	<u>204,540</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<u>5,132,681</u>	<u>1,214,024</u>
Provision for Taxation			
- Current Tax / Minimum Alternate Tax (MAT)		1,059,298	16,593
- Deferred Tax (Refer note 15 of Schedule 16)		<u>36,326</u>	<u>(46,663)</u>
<b>PROFIT/(LOSS) AFTER TAX</b>		<u>4,037,057</u>	<u>1,244,094</u>
<b>APPROPRIATIONS</b>			
Interim dividends paid during the year		1,210,144	—
Proposed final dividend		—	—
Dividend distribution tax		246,357	—
Transfer to any Reserves or Other Accounts		—	—
Transfer to Debenture Redemption Reserve(Refer Note 36 of Schedule 16)		97,200	97,200
Transfer to Contingency Reserve for Unexpired Risks		—	—
Balance of Profit/(Loss) brought forward from previous year		<u>501,018</u>	<u>(5,630,141)</u>
<b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>		<u>2,984,374</u>	<u>(4,483,247)</u>
<b>EARNINGS PER SHARE (Basic) (in ₹)</b>		6.70	2.07
<b>EARNINGS PER SHARE (Diluted) (in ₹)</b>		6.68	2.06
(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

Mumbai,  
Dated: April 16, 2018

For and on behalf of the Board of Directors

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

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

**Renu Sud Karnad**  
Director  
(DIN: 00008064)

**Alexander Ankel**  
Director  
(DIN: 07798908)

**Theodoros Kokkalas**  
Director  
(DIN: 08093899)

**Bernhard Steinruecke**  
Independent Director  
(DIN: 01122939)

**Mehernosh B. Kapadia**  
Independent Director  
(DIN: 00046612)

**Arvind Mahajan**  
Independent Director  
(DIN: 07553144)

**Mukesh Kumar**  
Executive Director  
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Executive Director  
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(Membership No.: FCA  
045476)

**Dayananda V. Shetty**  
Executive Vice President  
- Legal & Compliance  
and Company Secretary  
(Membership No.: FCS  
4638)

IRDAI Registration No: 146

Date of Registration with the IRDAI: July 09, 2010

## Receipts and Payments Account For the year ended March 31, 2018

Particulars	Schedule	For the year ended March 31, 2018 (₹ '000)	For the year ended March 31, 2017 (₹ '000)
<b>Cash flows from operating activities</b>			
Premium received from policyholders, including advance receipts		85,613,104	22,480,790
Payments to re-insurers, net of commission and claims		(10,495,153)	(1,510,513)
Payments to co-insurers, net of claims recovery		(437,512)	957,093
Payments of claims		(41,619,437)	(10,590,107)
Payments of commission and brokerage		(5,294,145)	(992,655)
Payments of other operating expenses		(11,014,103)	(4,740,834)
Deposits, advances and staff loans		(64,429)	117,423
Income taxes paid (Net)		(1,100,468)	(20,150)
GST / Service tax paid		(4,148,556)	(1,522,442)
<b>Net cash generated from operating activities (A)</b>		<b>11,439,301</b>	<b>4,178,605</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(966,472)	(198,015)
Proceeds from sale of fixed assets		6,209	3,347
Purchase of investments		(52,885,494)	(19,774,977)
Sale of investments		41,279,949	13,839,291
Rent/Interest/Dividend received		5,729,628	1,552,577
Investments in money market instruments and in liquid mutual funds (Net)		(778,120)	(66,968)
Expenses related to investments		—	—
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(7,614,300)</b>	<b>(4,644,745)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of share capital and share premium		182,173	620,000
Repayments of borrowing		—	—
Proceeds from issuance of borrowing		—	—
Interest		(266,000)	—
Dividend paid (Including dividend distribution tax)		(1,456,500)	—
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(1,540,327)</b>	<b>620,000</b>
<b>Effect of foreign exchange rates on cash and cash equivalents (Net) (D)</b>		<b>(13)</b>	<b>228</b>
<b>Net decrease in cash and cash equivalents (A + B + C + D)</b>		<b>2,284,661</b>	<b>154,088</b>
Cash and cash equivalents at the beginning of the year		1,927,589	241,330
Cash and cash equivalents on Merger		—	1,532,171
Cash and cash equivalents at the end of the period		4,212,250	1,927,589
<b>Net decrease in cash and cash equivalents</b>		<b>2,284,661</b>	<b>154,088</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>			
Cash and Bank balances		4,370,413	2,019,989
Less: Deposit Accounts not considered as Cash and cash equivalents as defined in AS-3 "Cash Flow Statements"		(158,163)	(92,400)
<b>Cash and cash equivalents at the end of the period</b>		<b>4,212,250</b>	<b>1,927,589</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

Mumbai,  
Dated: April 16, 2018

For and on behalf of the Board of Directors

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

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

**Renu Sud Karnad**  
Director  
(DIN: 00008064)

**Alexander Ankel**  
Director  
(DIN: 07798908)

**Theodoros Kokkalas**  
Director  
(DIN: 08093899)

**Bernhard Steinruecke**  
Independent Director  
(DIN: 01122939)

**Mehernosh B. Kapadia**  
Independent Director  
(DIN: 00046612)

**Arvind Mahajan**  
Independent Director  
(DIN: 07553144)

**Mukesh Kumar**  
Executive Director  
(DIN: 06864359)

**Anuj Tyagi**  
Executive Director  
(DIN: 07505313)

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

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

**Dayananda V. Shetty**  
Executive Vice President  
- Legal & Compliance  
and Company Secretary  
(Membership No.: FCS  
4638)

**FORM B - RA**

IRDAI Registration No: 146

Date of Registration with the IRDAI: July 09, 2010


**Revenue Accounts for the year ended March 31, 2018**

Particulars	Schedule	FIRE INSURANCE		MARINE INSURANCE		MISCELLANEOUS INSURANCE		TOTAL	
		For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
1 Premiums Earned (Net)	1	973,629	252,370	486,133	197,280	28,485,235	9,441,370	29,944,997	9,891,020
2 Profit/Loss on Sale/Redemption of Investments (Net)		32,856	26,960	8,137	7,400	542,252	434,689	583,245	469,049
3 Accretion/(Amortisation) of Debt Securities		(4,662)	(1,099)	(1,154)	(302)	(76,952)	(17,720)	(82,768)	(19,121)
4 Others:									
Investment Income from Terrorism Pool		40,724	13,784	-	-	-	2,432	40,724	16,216
Miscellaneous Income/Liabilities written back		1,147	129	629	101	36,676	4,859	38,452	5,089
5 Interest, Dividend and Rent - Gross		243,022	73,714	60,181	20,234	4,010,833	1,188,533	4,314,036	1,282,481
<b>TOTAL (A)</b>		<b>1,286,716</b>	<b>365,858</b>	<b>553,926</b>	<b>224,713</b>	<b>32,998,044</b>	<b>11,054,163</b>	<b>34,838,686</b>	<b>11,644,734</b>
1 Claims Incurred (Net)	2	641,453	119,762	398,485	144,723	21,226,868	7,433,489	22,266,806	7,697,974
2 Commission (Net)	3	(183,433)	(59,271)	33,197	6,253	(2,534,005)	(1,471,125)	(2,684,241)	(1,524,143)
3 Operating Expenses Related to Insurance Business	4	963,197	383,115	220,506	86,178	9,361,000	4,182,218	10,544,703	4,651,511
4 Premium Deficiency		-	-	-	-	-	-	-	-
<b>TOTAL (B)</b>		<b>1,421,217</b>	<b>443,606</b>	<b>652,188</b>	<b>237,154</b>	<b>28,053,863</b>	<b>10,144,582</b>	<b>30,127,268</b>	<b>10,825,342</b>
<b>Operating Profit/(Loss) (A-B)</b>		<b>(134,501)</b>	<b>(77,748)</b>	<b>(98,262)</b>	<b>(12,441)</b>	<b>4,944,181</b>	<b>909,581</b>	<b>4,711,418</b>	<b>819,392</b>
<b>APPROPRIATIONS</b>									
Transfer to Shareholders' Account		(134,501)	(77,748)	(98,262)	(12,441)	4,944,181	909,581	4,711,418	819,392
Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
Transfer to Other Reserves		-	-	-	-	-	-	-	-
<b>TOTAL (C)</b>		<b>(134,501)</b>	<b>(77,748)</b>	<b>(98,262)</b>	<b>(12,441)</b>	<b>4,944,181</b>	<b>909,581</b>	<b>4,711,418</b>	<b>819,392</b>

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

**Padmini Khare Kalcker**

Partner

Membership No.: 044784

**Rajen Ashar**

Partner

Membership No.: 048243

Mumbai,

Dated: April 16, 2018

For and on behalf of the Board of Directors

**Deepak S. Parekh**

Chairman

(DIN: 00009078)

**Theodoros Korkkias**

Director

(DIN: 08093899)

**Mukesh Kumar**

Executive Director

(DIN: 06864359)

**Samir H. Shah**

Member of Executive

Management &amp; CFO

(Membership No.: FCA 045476)

**Anuj Tyagi**

Executive Director

(DIN: 07505313)

**Bernhard Steinruecke**

Independent Director

(DIN: 01122939)

**Mehemosh B. Kapadia**

Independent Director

(DIN: 00046612)

**Arvind Mahajan**

Independent Director

(DIN: 07553144)

**Ritesh Kumar**

Managing Director &amp; CEO

(DIN: 02213019)

**Dayananda V. Shetty**

Executive Vice President

- Legal &amp; Compliance

and Company Secretary

(Membership No.: FCS 4638)

## Schedules

Annexed to and forming part of the Revenue Accounts

### SCHEDULE - 1 PREMIUM EARNED (NET)

Particulars	For the year ended March 31, 2018					For the year ended March 31, 2017				
	Fire	Marine		* Miscellaneous	Total	Fire	Marine			** Miscellaneous
		Marine Cargo	Marine Hull				Marine Cargo	Marine Hull	Marine Total	
Premium from direct business written-net of Service tax/GST	6,200,277	1,097,518	348,417	65,253,485	72,899,697	1,601,534	259,790	137,212	397,002	20,243,128
Add: Premium on Re-insurance accepted	705,291	128,024	-	278,105	1,111,420	192,327	9,072	(32)	9,040	81,023
Less: Premium on Re-insurance ceded	(5,608,014)	(717,300)	(346,809)	(32,784,238)	(39,456,361)	(1,459,552)	(165,189)	(137,749)	(302,938)	(10,770,212)
Net Premium	1,297,554	508,242	1,608	32,747,352	34,554,756	334,309	103,673	(569)	103,104	9,553,939
Add/(Less): Adjustment for changes in reserve for unexpired risks	(323,925)	(22,556)	(1,161)	(4,262,117)	(4,609,759)	(81,939)	93,870	306	94,176	(112,569)
<b>Total Premium Earned (Net)</b>	<b>973,629</b>	<b>485,686</b>	<b>447</b>	<b>28,485,235</b>	<b>29,944,997</b>	<b>252,370</b>	<b>197,543</b>	<b>(263)</b>	<b>197,280</b>	<b>9,441,370</b>

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

Particulars	Miscellaneous											
	Motor			Others								
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total	Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Total Miscellaneous
Premium from direct business written-net of Service tax/GST	13,669,130	9,396,886	-	23,066,016	136,176	22,339	23,542	1,242,402	212,194	5,831,623	9,925,244	65,253,485
Add: Premium on Re-insurance accepted	(3,454,124)	(2,394,902)	-	(5,849,026)	(7,841)	(9,423)	(18,212)	(1,054,482)	(205,875)	(1,730,384)	(4,292,397)	(32,784,238)
Less: Premium on Re-insurance ceded	10,215,006	7,001,984	-	17,216,990	128,335	12,916	5,330	272,500	77,299	4,204,143	5,646,660	32,747,352
Net Premium	(1,277,811)	(770,491)	-	(2,048,302)	(3,717)	3,346	408	(15,368)	56,575	(837,617)	(962,112)	(4,262,117)
Add/(Less): Adjustment for changes in reserve for unexpired risks												
<b>Total Premium Earned (Net)</b>	<b>8,937,195</b>	<b>6,231,493</b>	<b>-</b>	<b>15,168,688</b>	<b>124,618</b>	<b>16,262</b>	<b>5,738</b>	<b>257,132</b>	<b>133,874</b>	<b>3,366,526</b>	<b>4,684,548</b>	<b>28,485,235</b>

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

Particulars	Miscellaneous											
	Motor			Others								
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total	Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Total Miscellaneous
Premium from direct business written-net of Service tax	4,251,344	3,000,940	-	7,252,284	48,873	8,866	14,244	420,117	50,948	1,236,202	2,495,992	20,243,128
Add: Premium on Re-insurance accepted	-	-	8,945	8,945	-	-	-	50,944	17,702	159	-	81,023
Less: Premium on Re-insurance ceded	(1,110,853)	(766,534)	-	(1,877,387)	(2,997)	199	(13,075)	(397,911)	(63,116)	(385,282)	(1,027,331)	(10,770,212)
Net Premium	3,140,491	2,234,406	8,945	5,383,842	45,876	9,065	1,169	73,150	5,534	871,079	1,468,661	9,553,939
Add/(Less): Adjustment for changes in reserve for unexpired risks	103,437	(127,328)	-	(23,891)	20,943	(1,485)	61	24,229	(43,190)	(96,078)	(18,349)	(112,569)
<b>Total Premium Earned (Net)</b>	<b>3,243,928</b>	<b>2,107,078</b>	<b>8,945</b>	<b>5,359,951</b>	<b>66,519</b>	<b>7,580</b>	<b>1,230</b>	<b>97,379</b>	<b>(37,656)</b>	<b>775,001</b>	<b>1,450,312</b>	<b>9,441,370</b>

## Schedules

Annexed to and forming part of the Revenue Accounts

### SCHEDULE - 2 CLAIMS INCURRED (NET)

Particulars	For the year ended March 31, 2018					For the year ended March 31, 2017				
	Fire	Marine		Total	Fire	Marine		Total	Fire	Total
		Marine Cargo	Marine Hull			Marine Cargo	Marine Hull			
Claims paid direct	2,573,452	883,261	67,631	950,892	36,617,683	40,142,027	2,318	318,413	8,976,106	10,463,116
Add: Claims on Re-insurance accepted	199,230	27,791	2,513	30,304	107,496	337,030	31,912	13,699	62,263	107,874
Less: Claims on Re-insurance ceded	(2,219,665)	(483,370)	(69,302)	(552,672)	(20,350,137)	(23,122,474)	(125,044)	(127,184)	(3,554,388)	(4,672,042)
Net Claims paid	553,017	427,682	842	428,524	16,375,042	17,356,583	210,039	204,750	5,483,981	5,898,948
Add: Claims Outstanding at the end of the year	762,527	505,274	3,226	508,500	27,756,202	29,027,229	674,091	538,539	22,904,376	24,117,006
Less: Claims Outstanding on account of Merger as on January 01, 2017	—	—	—	—	—	—	(605,382)	(559,747)	(18,296,445)	(19,461,574)
Less: Claims Outstanding at the beginning of the year	(674,091)	(533,436)	(5,103)	(538,539)	(22,904,376)	(24,117,006)	(158,986)	(38,997)	(2,658,423)	(2,856,406)
<b>Total Claims Incurred (Net)</b>	<b>641,453</b>	<b>399,520</b>	<b>(1,035)</b>	<b>398,485</b>	<b>21,226,868</b>	<b>22,266,806</b>	<b>119,762</b>	<b>144,111</b>	<b>7,433,489</b>	<b>7,697,974</b>

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

Particulars	Miscellaneous									
	Motor			Workmen Compensation			Public Liability			Total Miscellaneous
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total	Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	
Claims paid direct	8,536,673	3,750,011	—	12,286,684	27,207	55	—	518,038	352,945	1,368,204
Add: Claims on Re-insurance accepted	—	—	—	—	—	—	—	939	95,491	3
Less: Claims on Re-insurance ceded	(2,551,405)	(1,848,684)	—	(4,400,089)	(1,360)	(3)	—	(333,423)	(350,229)	(1,130,737)
Net Claims paid	5,985,268	1,901,327	—	7,886,595	25,847	52	—	185,554	98,207	3,045,108
Add: Claims Outstanding at the end of the year	1,246,074	21,335,949	—	22,582,023	101,382	9,434	8,876	184,002	184,764	87,307
Less: Claims Outstanding at the beginning of the year	(1,073,103)	(16,598,418)	—	(17,671,521)	(126,454)	(8,496)	(15,251)	(210,854)	(113,997)	(893,892)
<b>Total Claims Incurred (Net)</b>	<b>6,158,239</b>	<b>6,639,858</b>	<b>—</b>	<b>12,796,097</b>	<b>778</b>	<b>990</b>	<b>(6,375)</b>	<b>158,702</b>	<b>168,974</b>	<b>3,009,439</b>

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

Particulars	Miscellaneous									
	Motor			Workmen Compensation			Public Liability			Total Miscellaneous
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total	Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	
Claims paid direct	2,882,314	1,420,711	—	4,303,025	16,658	361	247	209,476	52	303,295
Add: Claims on Re-insurance accepted	—	—	13,418	13,418	—	—	—	3,339	44,310	—
Less: Claims on Re-insurance ceded	(583,864)	(222,490)	—	(806,354)	(841)	(290)	(242)	(132,134)	(1,204)	(58,909)
Net Claims paid	2,298,450	1,198,221	13,418	3,510,089	15,817	71	5	80,681	43,158	244,386
Add: Claims Outstanding at the end of the year	1,073,103	16,598,418	—	17,671,521	126,451	8,496	15,251	210,854	113,997	453,957
Less: Claims Outstanding on account of Merger as on January 01, 2017	(759,650)	(13,101,986)	—	(13,861,636)	(88,367)	(8,222)	(6,352)	(154,420)	(65,613)	(966,534)
Less: Claims Outstanding at the beginning of the year	(222,176)	(221,1012)	(16,070)	(2,449,258)	(8,337)	(466)	—	(77,382)	—	(25,540)
<b>Total Claims Incurred (Net)</b>	<b>2,389,727</b>	<b>2,483,641</b>	<b>(2,652)</b>	<b>4,870,716</b>	<b>45,584</b>	<b>(121)</b>	<b>8,904</b>	<b>59,733</b>	<b>91,342</b>	<b>106,269</b>



## Schedules

Annexed to and forming part of the Revenue Accounts

### SCHEDULE - 3 COMMISSION (NET)

Particulars	For the year ended March 31, 2018						For the year ended March 31, 2017						(₹ '000)
	Fire	Marine			* Miscellaneous	Total	Fire	Marine			** Miscellaneous	Total	
		Marine Cargo	Marine Hull	Marine Total				Marine Cargo	Marine Hull	Marine Total			
Commission paid direct	448,277	101,031	2,985	104,016	4,479,424	5,031,717	77,942	24,543	395	24,938	823,598	926,478	
Add: Commission paid on Re-insurance accepted	51,316	7,360	—	7,360	31,685	90,361	8,194	701	—	701	11,615	20,510	
Less: Commission received on Re-insurance ceded	(683,026)	(68,658)	(9,321)	(78,179)	(7,045,114)	(7,806,319)	(145,407)	(16,424)	(2,962)	(19,386)	(2,306,338)	(2,471,131)	
Net commission paid/(received)	(183,433)	39,533	(6,336)	33,197	(2,534,005)	(2,684,241)	(69,271)	8,820	(2,567)	6,253	(1,471,125)	(1,524,143)	

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

Particulars	Miscellaneous										(₹ '000)	
	Motor			Workmen Compensation			Public Liability		Product Liability		Aviation	
	Motor-OD	Motor-TP	Motor/Declined Risk Pool	Motor Total	Workmen Compensation	Public Liability	Product Liability	Aviation	Engineering	Health Insurance	Personal Accident	Total Miscellaneous
Commission paid direct	2,023,872	39,268	—	2,063,140	14,303	2,105	3,609	7,573	99,522	1,226,019	838,608	4,479,424
Add: Commission paid on Re-insurance accepted	—	—	—	—	—	—	—	6,475	5,821	1,815	—	31,685
Less: Commission received on Re-insurance ceded	(659,894)	(404,882)	—	(1,064,776)	(1,250)	(348)	(1,914)	(7,578)	(231,258)	(2,600,095)	(928,371)	(7,045,114)
Net commission paid/(received)	1,363,978	(365,614)	—	998,364	13,053	1,757	1,695	6,070	(125,915)	(1,372,261)	(89,763)	(2,534,005)

### \*\* Miscellaneous Commission Breakup for the year ended March 31, 2017

Particulars	Miscellaneous										(₹ '000)	
	Motor			Workmen Compensation			Public Liability		Product Liability		Aviation	
	Motor-OD	Motor-TP	Motor/Declined Risk Pool	Motor Total	Workmen Compensation	Public Liability	Product Liability	Engineering	Health Insurance	Personal Accident	Other Liability	Total Miscellaneous
Commission paid direct	292,968	—	—	292,968	3,884	536	106	18,184	284,445	182,995	10,106	823,598
Add: Commission paid on Re-insurance accepted	2,529	1,660	—	4,189	52	6	1	2,676	1,143	634	26	11,615
Less: Commission received on Re-insurance ceded	(217,733)	(124,539)	—	(342,272)	(370)	(356)	(425)	(65,280)	(618,120)	(222,038)	(8,574)	(2,306,338)
Net commission paid/(received)	77,764	(122,879)	—	(45,115)	3,566	186	(318)	(44,220)	(332,532)	(38,409)	1,558	(1,471,125)

### SCHEDULE - 3 A COMMISSION PAID DIRECT

Particulars	For the year ended March 31, 2018						For the year ended March 31, 2017						(₹ '000)
	Fire	Marine			Total	Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
		Fire	Marine	Miscellaneous									
Agents	17,749	19,352	807,810	844,911	3,409	4,218	157,779	165,406					
Brokers	293,504	83,294	1,219,920	1,596,718	46,394	20,415	206,512	273,321					
Corporate Agency	137,005	1,370	2,265,699	2,404,074	28,143	305	439,847	468,295					
Others: Web aggregator, CSC, IMF, MSP and POSP	19	—	185,995	186,014	(4)	—	19,460	19,456					
Total	448,277	104,016	4,479,424	5,031,717	77,942	24,938	823,598	926,478					

## Schedules

Annexed to and forming part of the Revenue Accounts

(₹ '000)

Particulars	For the year ended March 31, 2018					For the year ended March 31, 2017				
	Fire	Marine		* Miscellaneous	Total	Fire	Marine		** Miscellaneous	Total
		Marine Cargo	Marine Hull				Marine Cargo	Marine Hull		
Employees' remuneration and welfare benefits	275,436	49,097	13,958	63,055	2,963,516	72,894	11,256	5,743	850,149	940,042
Travel, conveyance and vehicle running expenses	14,403	2,567	730	3,297	154,970	6,798	1,050	536	79,283	87,667
Training expenses	57,260	10,207	2,902	13,109	616,081	12,962	2,002	1,021	151,170	167,155
Rents, rates and taxes	41,259	7,354	2,091	9,445	443,917	17,867	2,759	1,408	208,384	230,418
Repairs	15,442	2,753	783	3,536	166,144	4,825	745	380	56,269	62,219
Printing and stationery	11,610	2,070	588	2,658	124,920	4,709	727	371	54,921	60,728
Communication	6,195	1,104	314	1,418	66,654	1,826	282	144	21,301	23,553
Legal and professional charges	259,542	46,264	13,153	59,417	2,792,507	121,648	18,785	9,585	1,088,921	1,238,939
Auditors' fees, expenses etc										
(a) as auditors	570	102	29	131	6,134	524	81	41	6,113	6,759
(b) as advisor or in any other capacity, in respect of:										
(i) Taxation matters	—	—	—	—	—	—	—	—	—	—
(ii) Insurance matters	—	—	—	—	—	—	—	—	—	—
(iii) Management services	—	—	—	—	—	—	—	—	—	—
(c) in any other capacity	245	44	12	56	2,640	170	26	13	1,977	2,186
Advertisement and publicity	153,449	27,353	7,776	35,129	1,651,010	88,580	13,679	6,979	1,033,090	1,142,328
Interest and bank charges	24,067	4,290	1,220	5,510	440,258	5,712	882	450	110,466	117,510
Others:										
Electricity expenses	7,896	1,408	400	1,808	84,959	2,370	366	187	27,637	30,560
Office expenses	3,613	644	183	827	38,875	905	140	71	10,556	11,672
Miscellaneous expenses	7,401	1,319	375	1,694	79,631	1,482	229	117	17,288	19,116
Information Technology expenses	37,759	6,731	1,914	8,645	406,265	20,680	3,194	1,629	241,192	266,695
Postage and courier	14,497	2,584	735	3,319	155,975	3,633	561	286	42,377	46,857
Loss on sale of assets (net)	4,049	722	205	927	43,561	—	—	—	—	—
Depreciation	28,504	5,081	1,444	6,525	306,685	15,530	2,398	1,224	181,124	200,276
Expenses transferred to Shareholders' Account	—	—	—	—	—	—	(2,098)	(1,074)	—	(3,169)
<b>Total Operating Expenses</b>	<b>963,197</b>	<b>171,694</b>	<b>48,812</b>	<b>220,506</b>	<b>10,544,703</b>	<b>383,115</b>	<b>57,064</b>	<b>29,114</b>	<b>4,182,218</b>	<b>4,651,511</b>

## Schedules

Annexed to and forming part of the Revenue Accounts

SCHEDULE - 4 (Continued)

\* Miscellaneous Operating expenses related to Insurance business Breakup for the year ended March 31, 2018

(₹ '000)

Particulars	Miscellaneous																
	Motor				Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others				Total Miscellaneous	
	Motor-OD	Motor/TP	Motor/Declined Risk Pool	Motor Total								Other Liability	Home	Specialty	Weather/Crop		Others
Employees' remuneration and welfare benefits	547,608	376,455	—	924,063	5,455	895	943	52,884	11,344	237,747	398,175	21,340	1,270	38,116	881,882	50,911	2,625,025
Travel, conveyance and vehicle running expenses	28,636	19,686	—	48,322	285	47	49	2,765	593	12,433	20,822	1,116	66	1,993	46,117	2,662	137,270
Training expenses	113,841	78,261	—	192,102	1,134	186	196	10,994	2,358	49,425	82,776	4,436	264	7,924	183,333	10,584	545,712
Rents, rates and taxes	82,028	56,391	—	138,419	817	134	141	7,922	1,699	35,613	59,644	3,197	190	5,710	132,101	7,626	393,213
Repairs	30,700	21,105	—	51,805	306	50	53	2,965	636	13,329	22,323	1,196	71	2,137	49,441	2,854	147,166
Printing and stationery	23,083	15,868	—	38,951	230	38	40	2,229	478	10,022	16,784	900	54	1,607	37,173	2,146	110,652
Communication	12,317	8,467	—	20,784	123	20	21	1,189	255	5,347	8,956	480	29	857	19,835	1,145	59,041
Legal and professional charges	516,008	354,731	—	870,739	5,141	843	889	49,832	10,690	224,028	375,198	20,109	1,196	35,917	830,993	47,973	2,473,548
Auditors' fees, expenses etc																	
(a) as auditors	1,134	779	—	1,913	11	2	2	109	23	492	824	44	3	79	1,826	105	5,433
(b) as advisor or in any other capacity, in respect of:																	
(i) Taxation matters	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(ii) Insurance matters	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(iii) Management services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(c) in any other capacity	488	335	—	823	5	1	1	47	10	212	355	19	1	34	786	45	2,339
Advertisement and publicity	305,079	209,727	—	514,806	3,039	499	525	29,462	6,320	132,452	221,828	11,889	707	21,235	491,307	28,363	1,462,432
Interest and bank charges	47,848	32,893	—	80,741	477	78	82	4,621	991	20,774	34,791	1,865	111	3,330	258,372	4,448	410,681
Others:																	
Electricity expenses	15,699	10,792	—	26,491	156	26	27	1,516	325	6,816	11,415	612	36	1,093	25,282	1,460	75,255
Office expenses	7,183	4,938	—	12,121	72	12	12	694	149	3,119	5,223	280	17	500	11,568	668	34,435
Miscellaneous expenses	14,715	10,116	—	24,831	147	24	25	1,421	305	6,388	10,699	573	34	1,024	23,697	1,368	70,536
Information Technology expenses	75,071	51,608	—	126,679	748	123	129	7,250	1,555	32,593	54,585	2,925	174	5,225	120,896	6,979	359,861
Postage and courier	28,821	19,813	—	48,634	287	47	50	2,783	597	12,513	20,957	1,123	67	2,006	46,415	2,680	138,159
Loss on sale of assets (net)	8,049	5,533	—	13,582	80	13	14	777	167	3,495	5,853	314	19	560	12,963	748	38,585
Depreciation	56,670	38,958	—	95,628	565	93	98	5,473	1,174	24,604	41,206	2,208	131	3,945	91,263	5,269	271,656
Total Operating Expenses	1,914,978	1,316,456	—	3,231,434	19,078	3,131	3,297	184,933	39,669	831,402	1,392,414	74,626	4,440	133,292	3,265,250	178,034	9,361,000

## Schedules

Annexed to and forming part of the Revenue Accounts

**SCHEDULE - 4 (Continued)**  
**\*\* Miscellaneous Operating expenses related to Insurance business Breakup for the year ended March 31, 2017** (₹ '000)

Particulars	Motor						Miscellaneous						Others				Total Miscellaneous
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total	Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Other Liability	Home	Specialty	Weather/ Crop	Others	
Employees' remuneration and welfare benefits	177,991	125,641	—	303,632	2,046	371	596	19,332	2,874	52,600	104,500	4,018	330	3,908	342,539	13,403	850,149
Travel, conveyance and vehicle running expenses	16,599	11,717	—	28,316	191	35	55	1,803	268	4,905	9,745	375	31	364	31,945	1,250	79,283
Training expenses	31,650	22,341	—	53,991	364	66	106	3,437	511	9,353	18,582	714	59	695	60,909	2,383	151,170
Rents, rates and taxes	43,628	30,796	—	74,424	502	91	146	4,738	705	12,893	25,615	985	81	958	83,961	3,285	208,384
Repairs	11,781	8,316	—	20,097	135	25	40	1,280	191	3,482	6,916	265	22	258	22,671	887	56,269
Printing and stationery	11,499	8,116	—	19,615	132	24	39	1,249	186	3,398	6,751	259	21	253	22,128	866	54,921
Communication	4,460	3,148	—	7,608	51	9	15	484	72	1,318	2,618	101	8	98	8,583	336	21,301
Legal and professional charges	63,373	209,674	133	273,180	3,415	619	995	32,262	4,796	69,838	96,032	6,705	551	6,521	571,641	22,364	1,088,921
Auditors' fees, expenses etc																	
(a) as auditors	1,280	903	—	2,183	15	3	4	139	21	378	751	29	3	28	2,463	96	6,113
(b) as advisor or in any other capacity, in respect of:																	
(i) Taxation matters	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(ii) Insurance matters	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(iii) Management services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(c) in any other capacity	414	292	—	706	5	1	1	45	7	122	243	9	1	9	797	31	1,977
Advertisement and publicity	216,293	152,677	—	368,970	2,486	451	725	23,492	3,493	63,919	126,987	4,882	401	4,748	416,249	16,287	1,033,090
Interest and bank charges	13,947	9,845	—	23,792	160	29	47	1,515	225	4,122	8,189	315	26	306	70,690	1,050	110,466
Others:																	
Electricity expenses	5,766	4,085	—	9,851	67	12	19	628	93	1,710	3,397	131	10	127	11,136	436	27,637
Office expenses	2,210	1,560	—	3,770	25	5	8	240	36	653	1,297	50	4	48	4,253	167	10,556
Miscellaneous expenses	3,619	2,555	—	6,174	42	8	12	393	58	1,070	2,125	82	7	79	6,965	275	17,288
Information Technology expenses	50,497	35,645	—	86,142	580	105	169	5,485	815	14,923	29,647	1,140	94	1,109	97,181	3,802	241,192
Postage and courier	8,872	6,263	—	15,135	102	18	30	964	143	2,622	5,209	200	17	195	17,074	668	42,377
Depreciation	37,921	26,768	—	64,689	436	79	127	4,119	612	11,207	22,264	856	70	833	72,977	2,856	181,124
Expenses transferred to Shareholders' Account	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Operating Expenses</b>	<b>701,820</b>	<b>660,342</b>	<b>133</b>	<b>1,362,295</b>	<b>10,754</b>	<b>1,951</b>	<b>3,134</b>	<b>101,605</b>	<b>15,106</b>	<b>258,513</b>	<b>470,868</b>	<b>21,116</b>	<b>1,736</b>	<b>20,537</b>	<b>1,844,162</b>	<b>70,441</b>	<b>4,182,218</b>

## Schedules

Annexed to and forming part of the Balance Sheet

### SCHEDULE – 5

#### SHARE CAPITAL

Particulars	As at March 31, 2018 (₹ '000)	As at March 31, 2017 (₹ '000)
<b>Authorised Capital</b>		
1500,000,000 Equity Shares of ₹ 10/- each (Previous period: 1500,000,000 Equity Shares of ₹ 10/- each)	15,000,000	15,000,000
<b>Issued Capital</b>		
605,071,800 Equity Shares of ₹ 10/- each (Previous period: 600,465,850 Equity Shares of ₹ 10/- each)	6,050,718	6,004,659
<b>Subscribed Capital</b>		
605,071,800 Equity Shares of ₹ 10/- each (Previous period: 600,465,850 Equity Shares of ₹ 10/- each)	6,050,718	6,004,659
<b>Called-up Capital</b>		
605,071,800 Equity Shares of ₹ 10/- each (Previous period: 600,465,850 Equity Shares of ₹ 10/- each)	6,050,718	6,004,659
Less: Calls unpaid	—	—
Add: Equity Shares forfeited (Amount originally paid up)	—	—
Less: Par Value of Equity Shares bought back	—	—
Less: Preliminary Expenses	—	—
<b>Total</b>	<b>6,050,718</b>	<b>6,004,659</b>

Of the above 305,409,988 (Previous period 305,005,688) 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, 2018		As at March 31, 2017	
	(Number of Shares)	(% of Holding)	(Number of Shares)	(% of Holding)
Promoters:				
Indian: Housing Development Finance Corporation Limited	305,409,988	50.48%	305,005,688	50.80%
Foreign: ERGO International AG	292,202,312	48.29%	292,202,312	48.66%
Others: Employees	7,459,500	1.23%	3,257,850	0.54%
<b>Total</b>	<b>605,071,800</b>	<b>100.00%</b>	<b>600,465,850</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, 2018 (₹ '000)	As at March 31, 2017 (₹ '000)
Capital Reserve	—	—
Capital Redemption Reserve	—	—
Share Premium		
Balance Brought forward from Previous Year	8,245,512	3,308,230
Add: Addition during the period	136,114	4,937,282
	<u>8,381,626</u>	<u>8,245,512</u>
General Reserves		
Balance Brought forward from Previous Year	—	—
Less: Debit balance in Profit and Loss Account	—	—
Less: Amount utilised for buy-back	—	—
	<u>—</u>	<u>—</u>
Contingency Reserve for Unexpired Risk	—	—
Catastrophe Reserve	—	—
Other Reserves	—	—
Debenture Redemption Reserve		
Balance Brought forward from Previous Year	97,200	—
Add: Addition during the period	97,200	97,200
	<u>194,400</u>	<u>97,200</u>
Balance of Profit/(Loss) in Profit and Loss Account		
Balance Brought forward from Previous Year	501,018	(5,630,141)
Add: Profit during the period	2,580,556	1,244,094
Less: Transfer to Debenture Redemption Reserve	(97,200)	(97,200)
Add: Capital Reduction (Refer note 3 of Schedule 16)	—	2,213,900
Add: On Merger	—	2,770,365
	<u>2,984,374</u>	<u>501,018</u>
<b>Total</b>	<b><u>11,560,400</u></b>	<b><u>8,843,730</u></b>

### SCHEDULE - 7

#### BORROWINGS

Particulars	As at March 31, 2018 (₹ '000)	As at March 31, 2017 (₹ '000)
Debentures/Bonds (Refer note 36 of Schedule 16)	3,500,000	3,500,000
Banks	—	—
Financial Institutions	—	—
Others:	—	—
<b>Total</b>	<b><u>3,500,000</u></b>	<b><u>3,500,000</u></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, 2018 (₹ '000)	As at March 31, 2017 (₹ '000)
<b>LONG TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including Treasury Bills	5,822,260	5,261,394
Other Approved Securities	1,825,720	1,524,301
Other Investment:		
Shares		
— Equity	884,603	808,608
— Preference	16,023	215,724
Mutual Funds	15,582	41,839
Derivative Instruments	—	—
Debentures/Bonds	1,923,557	2,260,013
Other Securities (Bank Deposits)	100,800	121,179
Subsidiaries	—	—
Investment Properties-Real Estate	—	—
Investments in Infrastructure and Housing	4,647,579	5,406,673
Other than Approved Investments		
— Equity Shares	70,067	92,256
— Mutual Fund	28,104	29,186
— Preference Shares and Debentures	55,806	335,082
<b>Sub-total</b>	<b>(A) 15,390,101</b>	<b>16,096,255</b>
<b>SHORT TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including Treasury Bills	107,619	637,743
Other Approved Securities	—	—
Other Investment:		
Shares		
— Equity	—	—
— Preference	22,252	—
Mutual Funds	409,162	504,716
Derivative Instruments	—	—
Debentures/Bonds	433,870	249,665
Other Securities (Commercial Papers and Certificate of Deposits)	207,819	136,327
Subsidiaries	—	—
Investment Properties-Real Estate	—	—
Investments in Infrastructure and Housing	1,583,791	527,353
Other than Approved Investments		
— Mutual Fund	—	—
— Preference Shares and Debentures	—	78,295
<b>Sub-total</b>	<b>(B) 2,764,513</b>	<b>2,134,099</b>
<b>Total</b>	<b>(A+B) 18,154,614</b>	<b>18,230,354</b>

## Schedules

Annexed to and forming part of the Balance Sheet

### Note:

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

	(₹ '000)	(₹ '000)
Long term investments — Book Value	14,391,745	15,124,366
Market Value	14,410,400	15,583,235
Short term investments — Book Value	2,355,350	1,629,383
Market Value	2,365,040	1,643,774

b) There are no Investments made outside India

### SCHEDULE - 8A

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

Particulars	As at March 31, 2018 (₹ '000)	As at March 31, 2017 (₹ '000)
<b>LONG TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including Treasury Bills	20,343,232	14,745,726
Other Approved Securities	6,379,147	4,272,047
Other Investment:		
Shares		
— Equity	3,090,840	2,266,226
— Preference	55,984	604,594
Mutual Funds	54,443	117,261
Derivative Instruments	—	—
Debentures/Bonds	6,720,992	6,333,974
Other Securities (Bank Deposits)	352,200	339,621
Subsidiaries	—	—
Investment Properties-Real Estate	—	—
Investments in Infrastructure and Housing	16,238,845	15,152,888
Other than Approved Investments		
— Equity Shares	244,816	258,559
— Mutual Fund	98,197	81,797
— Preference Shares and Debentures	194,990	939,110
<b>Sub-total</b>	<b>(A) 53,773,686</b>	<b>45,111,803</b>
<b>SHORT TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including Treasury Bills	376,026	1,787,356
Other Approved Securities	—	—
Other Investment:		
Shares		
— Equity	—	—
— Preference	77,748	—

## Schedules

Annexed to and forming part of the Balance Sheet

### SCHEDULE – 8A (Continued)

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

Particulars	As at March 31, 2018 (₹ '000)	As at March 31, 2017 (₹ '000)
Mutual Funds	1,429,632	1,414,530
Derivative Instruments	—	—
Debentures/Bonds	1,515,961	699,718
Other Securities (Commercial Papers and Certificate of Deposits)	726,128	382,073
Subsidiaries	—	—
Investment Properties-Real Estate	—	—
Investments in Infrastructure and Housing	5,533,834	1,477,976
Other than Approved Investments		
- Mutual Fund	—	—
- Preference Shares and Debentures	—	219,431
<b>Sub-total (B)</b>	<b>9,659,329</b>	<b>5,981,084</b>
<b>Total (A+B)</b>	<b>63,433,015</b>	<b>51,092,887</b>

#### Note:

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

	(₹ '000)	(₹ '000)
Long term investments — Book Value	50,285,390	42,387,960
Market Value	50,350,572	43,673,998
Short term investments — Book Value	8,229,698	4,566,554
Market Value	8,263,554	4,606,885

b) There are no Investments made outside India

### SCHEDULE – 9

#### LOANS

Particulars	As at March 31, 2018 (₹ '000)	As at March 31, 2017 (₹ '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>	<b>—</b>	<b>—</b>

## Schedules

Annexed to and forming part of the Balance Sheet

### SCHEDULE - 9 (Continued)

#### LOANS

Particulars	As at March 31, 2018 (₹ '000)	As at March 31, 2017 (₹ '000)
<b>BORROWER-WISE CLASSIFICATION</b>		
(a) Central and State Governments	—	—
(b) Banks and Financial Institutions	—	—
(c) Subsidiaries	—	—
(d) Industrial Undertakings	—	—
(e) Others	—	—
<b>Total</b>	<u>—</u>	<u>—</u>
<b>PERFORMANCE-WISE CLASSIFICATION</b>		
(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>
<b>MATURITY-WISE CLASSIFICATION</b>		
(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	
	Opening	Additions	Addition on Amalgamation	Deductions	Closing	Upto last year	For the year	Addition on Amalgamation	On Sales/Adjustments	To Date	As at year end	Previous year
Intangibles - Computer Software*	2,003,585	123,237	-	-	2,126,822	1,755,776	112,214	-	-	1,867,990	258,832	247,809
Leasehold Property	137,604	-	-	22,353	115,251	134,379	1,800	-	22,353	113,826	1,425	3,225
Building	759,980	507,799	-	-	1,267,779	74,534	18,501	-	-	93,035	1,174,744	685,446
Furniture and Fittings	216,001	94,461	-	1,341	309,121	89,823	22,206	-	385	111,644	197,477	126,178
Information Technology Equipment	625,583	156,469	-	39,747	742,305	434,611	92,024	-	1,134	525,501	216,804	190,972
Vehicles	137,397	76,299	-	50,003	163,693	73,354	28,961	-	44,993	57,322	106,371	64,043
Office Equipment	201,361	11,028	-	19,056	193,333	134,688	30,979	-	13,869	151,798	41,535	66,673
<b>Total</b>	<b>4,081,511</b>	<b>969,293</b>	<b>-</b>	<b>132,500</b>	<b>4,918,304</b>	<b>2,697,165</b>	<b>306,685</b>	<b>-</b>	<b>82,734</b>	<b>2,921,116</b>	<b>1,997,188</b>	<b>1,384,346</b>
Capital Work-in-progress (includes advances) (Refer Note 6 of Schedule 16)	104,040	93,945	-	100,156	97,829	-	-	-	-	-	97,829	104,040
<b>Grand Total</b>	<b>4,185,551</b>	<b>1,063,238</b>	<b>-</b>	<b>232,656</b>	<b>5,016,133</b>	<b>2,697,165</b>	<b>306,685</b>	<b>-</b>	<b>82,734</b>	<b>2,921,116</b>	<b>2,095,017</b>	<b>1,488,386</b>
Previous year as at March 31, 2017	1,167,429	213,517	2,846,522	41,917	4,185,551	1,026,642	200,276	1,502,269	32,022	2,697,165	1,488,386	

\*There are no internally generated Computer Software

## Schedules

Annexed to and forming part of the Balance Sheet

### SCHEDULE - 11

#### CASH AND BANK BALANCES

Particulars	As at March 31, 2018 (₹ '000)	As at March 31, 2017 (₹ '000)
Cash (including cheques, drafts and stamps)	902,601	440,660
Bank Balances		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months) (Refer Note 30 of Schedule 16)	1,143,412	392,299
(bb) Others	14,751	12,400
(b) Current Accounts	2,309,649	1,174,630
(c) Others	—	—
Money at Call and Short Notice		
(a) With Banks	—	—
(b) With Other Institutions	—	—
Others	—	—
<b>Total</b>	<b>4,370,413</b>	<b>2,019,989</b>

Note: Bank Balances includes balances maintained with Foreign Bank outside India amounting to ₹ 7,682 thousand (Previous Year ₹ 6,429 thousand)

### SCHEDULE - 12

#### ADVANCES AND OTHER ASSETS

Particulars	As at March 31, 2018 (₹ '000)	As at March 31, 2017 (₹ '000)
<b>ADVANCES</b>		
Reserve deposits with ceding companies	—	—
Application money for investments	—	—
Prepayments	121,514	92,070
Advance tax paid and taxes deducted at source (Net of provision for taxation)	153,593	116,749
Others:		
Advances to employees	3,238	6,051
Advances to suppliers	187,754	167,525
Goods and Service tax/ Service Tax Unutilised Credit	439,173	257,564
<b>Sub-total</b> (A)	<b>905,272</b>	<b>639,959</b>

## Schedules

Annexed to and forming part of the Balance Sheet

### SCHEDULE - 12 (Continued)

#### ADVANCES AND OTHER ASSETS

Particulars		As at March 31, 2018 (₹ '000)	As at March 31, 2017 (₹ '000)
<b>OTHER ASSETS</b>			
Income accrued on investments		2,208,006	1,889,746
Outstanding Premiums	10,481,859		11,542,294
Less : Provisions for doubtful debts	—	10,481,859	(87,241)
			11,455,053
Agents' Balances		722	1,498
Due from other entities carrying on insurance business (including reinsurers)	1,821,857		941,017
Less : Provisions for doubtful debts	(30,108)	1,791,749	(30,108)
			910,909
Due from subsidiaries/holding Company		18	—
Others:			
Deposits for premises		103,399	101,567
Stock of salvaged cars		1,221	5,789
<b>Sub-total</b>	<b>(B)</b>	<b>14,586,974</b>	<b>14,364,562</b>
<b>Total</b>	<b>(A+B)</b>	<b>15,492,246</b>	<b>15,004,521</b>

### SCHEDULE - 13

#### CURRENT LIABILITIES

Particulars		As at March 31, 2018 (₹ '000)	As at March 31, 2017 (₹ '000)
Agents' Balances		322,443	219,970
Balances due to other insurance companies		16,517,883	16,020,888
Deposits held on re-insurance ceded		—	—
Premiums received in advance		557,520	1,053,631
Unallocated Premium		6,628,914	3,872,948
Unclaimed amount of Policyholders (Refer note 30 of Schedule 16)	194,568		218,387
Less : Cheques issued but not encashed	(5,239)	189,329	—
Sundry creditors		5,862,746	4,758,543
Due to subsidiaries/holding company		79,017	249,251
Claims Outstanding (Refer note 24 (b) and 29 of Schedule 16)		29,027,229	24,117,006
Due to Officers/Directors		3,600	3,042
Others:			
Goods and Service tax liability		—	—
Tax deducted at source		32,475	68,516
Other statutory dues		16,988	19,413
Interest payable on debentures		101,475	101,475
<b>Total</b>		<b>59,339,619</b>	<b>50,703,070</b>

## Schedules

Annexed to and forming part of the Balance Sheet

### SCHEDULE - 14

#### PROVISIONS

Particulars	As at March 31, 2018 (₹ '000)	As at March 31, 2017 (₹ '000)
Reserve for Unexpired Risk	22,785,750	18,175,991
For taxation (less advance tax paid and taxes deducted at source)	—	4,325
For proposed dividends	—	—
For dividend distribution tax	—	—
Others:		
Provision for Employee benefits	78,418	95,086
<b>Total</b>	<b>22,864,168</b>	<b>18,275,402</b>

### SCHEDULE - 15

#### MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Particulars	As at March 31, 2018 (₹ '000)	As at March 31, 2017 (₹ '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 (formerly HDFC General Insurance Limited from September 14, 2016 and L&T General Insurance Company Limited upto September 13, 2016) (“the Company”) was incorporated on December 27, 2007 as a Company under the Companies Act, 1956.

The Company is registered with the Insurance Regulatory and Development Authority of India (“IRDAI”) and continues to be in the business of underwriting general insurance policies and has launched general insurance products 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 Re-insurance accepted (net of service tax upto June 30, 2017, and net of Goods & Service Tax w.e.f. July 1, 2017) is recognized as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are accounted for in the period in which they occur. Installment cases are recorded on installment due dates. Premium received in advance represents premium received prior to commencement of the risk.



## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### Income earned on investments

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

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

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

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

#### (d) Reinsurance ceded

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Re-insurance 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 Re-insurance cover is accounted as per the terms of the Re-insurance arrangements.

#### (e) Commission received

Commission on Re-insurance ceded is recognised as income on ceding of Re-insurance premium.

Profit commission under Re-insurance 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. As per the Master Circular on Preparation of Financial Statements – General Insurance Business and corrigendum issued thereon, the Net Premium Written is to be considered only in respect of policies written during the year and unexpired on the Balance Sheet date.

#### (g) Premium deficiency

Premium deficiency is recognised for the Company as a whole on an annual basis. Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (related to claims handling) exceeds related reserve for unexpired risk. The expected claim costs are calculated and duly certified by the Appointed Actuary.

#### (h) Claims incurred

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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

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

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

#### (i) **Salvage Recoveries**

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

#### (j) **Acquisition Costs**

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

#### (k) **Borrowing Costs**

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

#### (l) **Fixed Assets and Depreciation**

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

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

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

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

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

Leasehold Property is depreciated over the duration of lease.

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

- Computer Softwares - 4 years

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

#### **Impairment of assets**

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

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

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

Leased assets capitalised under finance lease are depreciated on a straight line basis over the lease term.

#### **(n) Operating Leases**

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

#### **(o) Foreign Currency Transactions**

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

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

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

#### **(p) Investments**

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

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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

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

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

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

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

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

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

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

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

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

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

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

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

**(q) Employee Benefits**

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

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

**(ii) Long term employee benefits**

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

**Defined contribution plans**

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

**Defined benefit plans**

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

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

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

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

**(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



## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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 Re-insurance accepted. Such Re-insurance accepted is recorded based on quarterly statements received from the GIC. The Re-insurance accepted on account of terrorism pool has been recorded in accordance with the last statement received from GIC.

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

#### (t) Indian Motor Third Party Declined Risk Insurance Pool (IMTPDRIP)

The Indian Motor Third Party Declined Risk Insurance Pool (IMTPDRIP) is a multi-lateral Re-insurance arrangement between the underwriting insurer and all other registered insurers carrying on general insurance business to share the stand alone third party liability insurance for commercial vehicles (Liability only) premium (excluding Miscellaneous and special class of vehicles falling under erstwhile All India Motor Tariff) which is considered as declined risk premium and ceded to pool as per the underwriting guidelines submitted every year by each insurer with effect from April 1, 2012. All the insurers underwriting motor insurance business are the members of the IMTPDRIP ("Members"). GIC is the administrator of the pooling arrangement. It acts under the guidance of the General Insurance Council.

The Company has to cede to the extent of such premium of declined risk premium to the IMTPDRIP after net retention (currently 20%) and obligatory cession as prescribed by the IRDAI from time to time. All the premiums ceded to the IMTPDRIP is shared amongst members in the proportion of shortfall of the respective insurers. Shortfall is a difference of mandatory obligation and actual net retention of Liability only premium of the insurer. The mandatory obligation is calculated by applying average of market share (being average of overall market share and market share in respect of motor business) to the total Liability only premium of the industry for every financial year. Operating expenses of the IMTPDRIP incurred by GIC are borne by all

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

the members in proportion to their respective mandatory obligation. The Company effects the settlement of its share in the premium, claims and expenditure based on clean cut settlement statement received from the pool administrator on a quarterly basis. The Company earns 100% of the premium retro ceded from IMTPDRIP in the year of retrocession.

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

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

#### (u) 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.

#### (v) 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.

#### (w) 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.

#### (x) 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.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### 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.

#### (y) 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.

#### (z) 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.

#### (aa) 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.

#### (ab) Receipts and Payments Account

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

(ii) Cash and cash equivalents

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### 3. MERGER OF HDFC ERGO GENERAL INSURANCE COMPANY LIMITED AND HDFC GENERAL INSURANCE LIMITED (FORMERLY L&T GENERAL INSURANCE COMPANY LIMITED)

The National Company Law Tribunal, Mumbai Bench (NCLT), vide its order dated June 23, 2017, approved the Scheme of Arrangement for Merger of HDFC ERGO General Insurance Company Limited (IRDAI Regn No. 125) ("Transferor Company") and HDFC General Insurance Limited (Formerly L&T General Insurance Company Limited) (IRDAI Regn No.146) ("Transferee Company"). Further, the Insurance Regulatory and Authority of India (IRDAI), vide its letter dated August 14, 2017 gave its final approval to the said Merger with effect from August 16, 2017 with the appointed date of January 1, 2017. The merged entity has been renamed as HDFC ERGO General Insurance Company Limited (IRDAI Regn No.146) (the "Company"). Consequently, the Scheme has been given effect to in the previous year's financial statements.

Pursuant to the Scheme sanctioned by the NCLT for the State of Maharashtra, the issued, subscribed and paid-up share capital of HDFC General Insurance Limited (Formerly L&T General Insurance Company Limited) shall stand cancelled and reduced by the amount of accumulated losses as on the appointed Date. Hence, the net capital reduction amounted to ₹ 2,213,900 thousand.

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

#### 4. CONTINGENT LIABILITIES

(₹ '000)

Sr. No.	Particulars	As at March 31, 2018	As at March 31, 2017
1	Partly paid up investments	Nil	Nil
2	Underwriting commitments outstanding (in respect of shares and securities)	Nil	Nil
3	Claims, other than those under policies, not acknowledged as debts	Nil	Nil
4	Guarantees given by or on behalf of the Company	Nil	Nil
5	Statutory demands/liabilities in dispute, not provided for	Nil	201
6	Reinsurance obligations to the extent not provided for in accounts	Nil	Nil

- (a) The Company has pending litigations arising out of matters relating to Income tax and Service tax and has received Order in Original in respect of a Service tax matter of ₹ 216,891 thousand (Previous year ₹ 216,891 thousand). Based on 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.
- (b) In terms of Senior Citizens' Welfare Fund Rules, 2016, as amended, notified by the Department of Economic Affairs, Ministry of Finance, Government of India, dated March 18, 2016 and Master Circular No. IRDA/F & A/CIR/Misc/173/07/2017 dated July 25, 2017, on Unclaimed Amount of Policyholders, issued by IRDAI, the Company has transferred an amount of ₹ 2,848 thousand (Previous year ₹ Nil) being unclaimed amount of Policyholders outstanding for a period more than 10 years as on September 30, 2017 alongwith interest to the Senior Citizens Welfare Fund.

#### 5. ENCUMBRANCES ON ASSETS

The assets of the Company are free from encumbrances.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### 6. COMMITMENTS

There are commitments made and outstanding of ₹ 150,400 thousand (Previous year ₹ 63,400 thousand) for investments. There are no commitments made and outstanding for loans (Previous year ₹ Nil).

Estimated amount of contracts remaining to be executed on capital account and not provided for, [net of payments ₹ 97,828 thousand (Previous year ₹ 104,040 thousand)] is ₹ 169,833 thousand (Previous year ₹ 507,402 thousand).

#### 7. CLAIMS

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

(₹ '000)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Outside India	345,151	471,982

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

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

(₹ '000)

Particulars	As at March 31, 2018	As at March 31, 2017
More than six months	20,285,193	17,692,770
Others	6,570,541	5,491,917

#### 8. PREMIUM

(a) All premiums net of Re-insurance are written and received in India.

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

#### 9. EXTENT OF RISKS RETAINED AND REINSURED

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

For the year ended on March 31, 2018

Particulars	Basis	Gross Premium	Retention	Cession	Retention	Cession
		(₹ '000)	(₹ '000)	(₹ '000)	%	%
Fire	Total sum insured	6,905,569	1,590,700	5,314,869	23	77
Marine Cargo	Value at Risk	1,225,542	526,961	698,581	43	57
Marine Hull	Total sum insured	348,417	1,544	346,873	0	100
Miscellaneous						
— Motor	Total sum insured	23,066,016	17,295,044	5,770,972	75	25
— Workmen's Compensation	Value at Risk	136,176	128,729	7,448	95	5
— Public/Product Liability	Value at Risk	45,880	18,241	27,640	40	60
— Engineering	Total sum insured	1,326,982	347,339	979,642	26	74
— Aviation	Value at Risk	283,174	77,256	205,918	27	73
— Personal Accident	Value at Risk	5,934,527	4,263,000	1,671,527	72	28
— Health Insurance	Value at Risk	9,939,057	5,647,185	4,291,872	57	43
— Other Liability/Specialty	Value at Risk	1,484,129	622,836	861,293	42	58
— Others	Value at Risk	23,315,648	4,596,347	18,719,300	20	80

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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

For the year ended on March 31, 2017

Particulars	Basis	Gross Premium	Retention	Cession	Retention	Cession
		(₹ '000)	(₹ '000)	(₹ '000)	%	%
Fire	Total sum insured	1,793,861	453,487	1,340,374	25	75
Marine Cargo	Value at Risk	268,862	117,436	151,426	44	56
Marine Hull	Total sum insured	137,180	117	137,063	0	100
Miscellaneous						
— Motor	Total sum insured	7,261,229	5,453,485	1,807,743	75	25
— Workmen's Compensation	Value at Risk	48,873	46,426	2,446	95	5
— Public/Product Liability	Value at Risk	23,110	10,298	12,812	45	55
— Engineering	Total sum insured	471,061	108,205	362,856	23	77
— Aviation	Value at Risk	68,649	5,848	62,802	9	91
— Personal Accident	Value at Risk	1,256,362	895,049	361,313	71	29
— Health Insurance	Value at Risk	2,495,992	1,474,770	1,021,222	59	41
— Other Liability / Specialty	Value at Risk	189,295	51,427	137,867	27	73
— Others	Value at Risk	8,509,581	1,657,641	6,851,940	19	81

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

## 10. INVESTMENTS

There are no contracts outstanding in relation to purchases where deliveries are pending at the end of the year except for following securities which have been allotted, however credit in Company's Demat account has been received subsequent to the year end. There are no contracts outstanding in relation to sales where payments are outstanding /overdue at the end of the year.

(₹ '000)

Particulars	Type of Security	As at March 31, 2018	As at March 31, 2017
Infosys Limited	Equity Shares	5,787	—
Reliance Industries Limited	Equity Shares	4,511	—
<b>Total</b>		<b>10,298</b>	<b>—</b>

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

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

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

Mutual Funds – ₹ 2,028,740 thousand (Previous year ₹ 2,165,548 thousand)

Equity Shares – ₹ 4,102,632 thousand (Previous year ₹ 2,940,153 thousand)



**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

(₹ '000)

Particulars	As at March 31, 2018	As at March 31, 2017
Aggregate market value of the Investments other than Mutual Fund and Equity	<b>75,389,566</b>	65,507,892
Aggregate amortized cost /cost of the Investments other than Mutual Fund and Equity	<b>75,262,183</b>	63,708,264

**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) and the Executive Directors, all other directors and Key Management Persons are as follows :

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

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

(₹ '000)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salary, perquisites and bonus	<b>104,015</b>	32,395
Contribution to Provident Fund	<b>3,336</b>	1,058
<b>Total</b>	<b>107,351</b>	33,453

Figures for the previous year includes remuneration paid to Mr G C Rangan, Chief Executive Officer and Whole Time Director till September 8, 2016.

Out of the above ₹ 15,000 thousand (Previous year ₹ 15,000 thousand) remuneration for each Director has been charged to Revenue Accounts and balance ₹ 62,351 thousand (Previous ₹ 12,014 thousand) has been transferred to Profit and Loss Account.

- (b) Commission paid to Independent Directors during the year amounted to ₹ 4,000 thousand (Previous Year ₹ 3,380 thousand) and Fees paid to Non-Executive Directors for attending Board/Committee meetings amounted to ₹ 14,500 thousand (Previous Year ₹ 3,720 thousand)
- (c) Details of the elements of remuneration paid to Key Management Persons (KMPs) excluding Wholetime Directors, as defined under IRDAI Corporate Governance Guidelines for Insurers in India, 2016, are as follows:

(₹ '000)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salary, perquisites and bonus	<b>89,621</b>	15,886
Contribution to Provident Fund	<b>2,208</b>	447
<b>Total</b>	<b>91,829</b>	16,333

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.

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

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

Business Sector	For the year ended March 31, 2018		For the year ended March 31, 2017	
	GDPI (₹ '000)	% of GDPI	GDPI (₹ '000)	% of GDPI
Rural	26,173,855	36	9,166,336	41
Urban	46,725,844	64	13,075,329	59
<b>Total</b>	<b>72,899,699</b>	<b>100</b>	<b>22,241,665</b>	<b>100</b>

Social Sector	For the year ended March 31, 2018	For the year ended March 31, 2017
Number of lives	2,365,213	4,342,040
GDPI (₹ '000)	9,549,024	17,302,205

**13. REINSURANCE REGULATIONS**

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

**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-cancelable lease agreements are as follows:

(₹ '000)

Particulars	As at March 31, 2018	As at March 31, 2017
Not later than one year	140,254	142,868
Later than one year but not later than five years	106,300	40,338
Later than five years	—	—

The aggregate operating lease rental, charged to the Revenue Accounts in the current year is ₹ 259,674 thousand (Previous year ₹ 180,118 thousand).

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

**15. TAXATION**

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

(₹ '000)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Deferred Tax Assets:</b>		
Business losses till A.Y. 2016-17	—	35,701
Section 43B & 40(a) of Income-tax Act,	33,967	—
Rule 6E of the Income-tax rules, 1962 (Reserve for unexpired risk)	209	—
Amalgamation Expenses	62,913	—
<b>Total</b>	<b>97,089</b>	<b>35,701</b>
<b>Deferred Tax Liabilities:</b>		
Depreciation	133,415	35,701
<b>Total</b>	<b>133,415</b>	<b>35,701</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>36,326</b>	<b>Nil</b>

- b) During the year Minimum Alternate Tax (MAT) paid is charged to the statement of Profit and Loss Account as current tax. On account of uncertainty in the General Insurance business and resultant uncertainty with respect to its utilisation, MAT credit entitlement for the year has not been recognized.

## 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 2,095,000 options (Previous year Nil options) were granted at an exercise price of ₹ 151.00 per option (Previous year ₹ Nil 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, 410,250 (Previous Year Nil options) options were vested out of Tranche V, 33,750 (Previous Year Nil options) options were vested out of Tranche VI and 282,500 options (Previous Year Nil options) were vested out of Tranche VII.

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

### Method used for accounting

The Company has adopted intrinsic value method for computing the compensation cost for the Options granted. Since the exercise price is not less than the intrinsic value of shares on the date of grant, value of options is ₹ Nil (Previous year ₹ Nil) and accordingly, no compensation cost is recognized in the books.

Had the Company followed the fair value method for valuing its options for the year, the charge to the Revenue Accounts and Profit and Loss Account would have been higher by ₹ 35,447 thousand (Previous year ₹ 3,435 thousand) and profit after tax would have been lower by ₹ 27,879 thousand (Previous year ₹ 3,435 thousand). Consequently, the Company's basic and diluted earnings per share would have been ₹ 6.65 and ₹ 6.63 respectively.

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

**Movement in the options under ESOP 2009**

(No. of Options)

Particulars	Tranche IX		Tranche VIII		Tranche VII		Tranche VI		Tranche V	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Outstanding at the Beginning of the year	—	—	40,000	—	1,227,000	—	135,000	—	909,000	—
Transferred on Merger	—	—	—	40,000	—	1,227,000	—	135,000	—	909,000
Granted during the year	2,095,000	—	—	—	—	—	—	—	—	—
Exercised during the year	—	—	—	—	264,550	—	42,500	—	800,500	—
Lapsed during the year	80,000	—	—	—	24,250	—	—	—	47,500	—
Outstanding at the end of the year	2,015,000	—	40,000	40,000	938,200	1,227,000	92,500	135,000	61,000	909,000
Unvested at the end of the year	2,015,000	—	40,000	40,000	920,250	1,227,000	67,500	101,250	—	457,750
Vested at the end of the year	—	—	—	—	17,950	—	25,000	33,750	61,000	451,250
Weighted average price per option	151	—	91	91	80	80	80	80	62.5	62.5

(No. of Options)

Particulars	Tranche IV		Tranche III		Tranche II		Tranche I	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Outstanding at the Beginning of the year	1,590,350	—	445,500	—	952,500	—	763,550	—
Transferred on Merger	—	1,596,350	—	445,500	—	952,500	—	763,550
Granted during the year	—	—	—	—	—	—	—	—
Exercise during the year	1,410,350	—	404,500	—	952,500	—	731,050	—
Lapsed during the year	—	6,000	—	—	—	—	—	—
Outstanding at the end of the year	180,000	1,590,350	41,000	445,500	—	952,500	32,500	763,550
Unvested at the end of the year	—	—	—	—	—	—	—	—
Vested at the end of the year	180,000	1,590,350	41,000	445,500	—	952,500	32,500	763,550
Weighted average price per option	50	50	50	50	10	10	10	10

**Fair Value Methodology:**

The fair value of options on date of grant has been estimated using Black-Scholes model. The key assumptions used in Black-Scholes model for calculating fair value under ESOP 2009 Tranche I, Tranche II, Tranche III, Tranche IV, Tranche V, Tranche VI, Tranche VII, Tranche VIII and Tranche IX 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 and April 28, 2017 are as follows:

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

Particulars	Risk Free Interest rate	Expected Life	Expected Volatility*	Expected dividend yield
Tranche IX	6.90%-6.95%	4 - 6 years	12%	Nil
Tranche VIII	7.41%-7.62%	4 - 6 years	18%	Nil
Tranche VII	7.82%-7.86%	4 - 6 years	13%	Nil
Tranche VI	8.75%-8.93%	4 - 6 years	17%	Nil
Tranche V	7.64%-7.60%	4 - 6 years	13%	Nil
Tranche IV	8.22%-8.49%	4 - 6 years	20%	Nil
Tranche III	8.22%-8.31%	4 - 6 years	17%	Nil
Tranche II	6.92%-7.42%	4 - 6 years	22%	Nil
Tranche I	7.29%-7.72%	4 - 6 years	32%	Nil

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

Particulars		Fair Value Method	
		For the period ended March 31, 2018	For the period ended March 31, 2017
A	Net Profit After Tax (₹ '000)	<b>4,009,178</b>	1,240,659
B	Less: Preference dividend	—	—
C	Weighted Average number of Equity Shares of ₹10/- each (Basic) (in '000)	<b>602,788</b>	600,466
D	Weighted Average number of Equity Shares of ₹10/- each (Diluted) (in '000)	<b>604,361</b>	603,907
E	Basic Earnings Per Share (₹)	<b>6.65</b>	2.07
F	Diluted Earnings Per Share (₹)	<b>6.63</b>	2.05

**Information in respect of Options outstanding**

Particulars		Exercise Price (₹)	No. of Options	Weighted Average remaining life
Tranche IX	<b>As at March 31, 2018</b>	<b>151</b>	<b>2,015,000</b>	<b>88 months</b>
	As at March 31, 2017	—	—	—
Tranche VIII	<b>As at March 31, 2018</b>	<b>91</b>	<b>40,000</b>	<b>76 months</b>
	As at March 31, 2017	91	40,000	88 months
Tranche VII	<b>As at March 31, 2018</b>	<b>80</b>	<b>938,200</b>	<b>62 months</b>
	As at March 31, 2017	80	1,227,000	74 months
Tranche VI	<b>As at March 31, 2018</b>	<b>80</b>	<b>92,500</b>	<b>52 months</b>
	As at March 31, 2017	80	135,000	64 months
Tranche V	<b>As at March 31, 2018</b>	<b>62.5</b>	<b>61,000</b>	<b>40 months</b>
	As at March 31, 2017	62.5	909,000	52 months
Tranche IV	<b>As at March 31, 2018</b>	<b>50</b>	<b>180,000</b>	<b>28 months</b>
	As at March 31, 2017	50	1,590,350	40 months
Tranche III	<b>As at March 31, 2018</b>	<b>50</b>	<b>41,000</b>	<b>19 months</b>
	As at March 31, 2017	50	445,500	31 months

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

Particulars	Exercise Price (₹)	No. of Options	Weighted Average remaining life
Tranche II*	<b>As at March 31, 2018</b>	<b>10</b>	<b>—</b>
	As at March 31, 2017	10	952,500
Tranche I*	<b>As at March 31, 2018</b>	<b>10</b>	<b>32,500</b>
	As at March 31, 2017	10	763,550

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

#### 17. SEGMENT REPORTING

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

#### 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, 2018	For the year ended March 31, 2017
Contribution to Staff Provident Fund	<b>91,054</b>	32,847
Contribution to Superannuation Fund	<b>829</b>	188
Contribution to National Pension Scheme	<b>12,251</b>	2,204
<b>Total</b>	<b>104,134</b>	35,239

(b) Defined Benefit Plan – Gratuity :

Disclosures as per AS-15 (Revised) “Employee Benefits” for the year ended on March 31, 2018:

(₹ '000)

Sl. No.	Particulars	March 31, 2018	March 31, 2017
<b>I.</b>	<b>Assumptions</b>		
	Discount Rate	<b>7.82%</b>	7.51%
	Rate of increase in Compensation levels	<b>7.00%</b>	7.00%
	Rate of Return on Plan Assets p.a.	<b>7.82%</b>	7.51%
<b>II.</b>	<b>Table Showing Change in Benefit Obligation</b>		
	Net liability as per books (A)	<b>190,652</b>	18,672
	Fair value of Assets at the beginning of the year (B)	<b>Nil</b>	Nil
	Shortfall/(Excess) in opening liability determined as per actuarial valuation (C)	<b>Nil</b>	Nil
	Opening net Liability as per actuarial valuation (A)+(B)+(C)	<b>190,652</b>	18,672
	Interest Cost for the year	<b>14,318</b>	4,537
	Service Cost for the year	<b>37,629</b>	15,945



**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

Sl. No.	Particulars	March 31, 2018	March 31, 2017
	Liability taken over from Transferor Company	Nil	172,586
	Liability Transferred Out	Nil	(522)
	Benefits paid during the year	(21,547)	(4,626)
	Actuarial (Gain)/Loss on obligations	(13,339)	(15,940)
	Liabilities assumed on acquisition / settled	Nil	Nil
	Plan Benefit Obligation at the end of the year	234,391	190,652
<b>III.</b>	<b>Tables of Fair value of Plan Assets</b>		
	Fair Value of Plan Assets at the beginning of the year	171,907	Nil
	Expected Return on Plan Assets for the year	12,910	2,973
	Contributions during the year	68,717	5,659
	Assets taken over from Transferor Company	Nil	166,328
	Benefits Paid during the year	(19,773)	(2,634)
	Actuarial Gain/(Loss) on Plan Assets	(4,446)	(419)
	Fair Value of Plan Assets at the end of the year	229,315	171,907
<b>IV.</b>	<b>The Amounts to be recognised in the Balance Sheet</b>		
	Present Value of Obligation	(234,391)	(190,652)
	Fair Value of Plan Assets	229,315	171,907
	Liability Recognised in Balance Sheet	(5,075)	(18,745)
<b>V.</b>	<b>Amounts to be recognised in the Revenue Accounts (Net Periodic Cost)</b>		
	Current Service Cost	37,629	15,945
	Interest Cost	1,408	1,564
	Expected Return on Plan Assets	Nil	Nil
	Net actuarial Gain/(Loss) recognised in the year	(17,785)	(15,521)
	Actuarial determined charge for the year (A)	56,822	1,987
	Shortfall/(Excess) (B)	Nil	Nil
	Total Charge as per books (A+B)	56,822	1,987
	(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)	18,745	18,672
	Shortfall/(Excess) in opening liability determined as per actuarial valuation (B)	Nil	Nil
	Opening net liability (A+B)	18,745	18,672
	Expense as above	56,822	1,987
	Net Liability / (Asset) Transfer In	Nil	6,259
	Net (Liability) / Asset Transfer Out	Nil	(522)
	Contribution paid	(70,492)	(7,651)
	Closing Net Liability	5,075	18,745

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

Sl. No.	Particulars	March 31, 2018	March 31, 2017
<b>VII.</b>	<b>Actual Return on Plan Assets</b>		
	Expected return on Plan Assets	<b>12,910</b>	2,973
	Actuarial Gain/(Loss) on Plan Assets	<b>(4,446)</b>	(419)
	Actual return on Plan assets	<b>8,464</b>	2,554

**Experience adjustments**

(₹ '000)

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Defined Benefit Obligation	<b>234,391</b>	190,652	18,672	13,476	12,910
Plan Assets	<b>229,315</b>	171,907	—	—	—
Surplus/(Deficit)	<b>(5,076)</b>	(18,745)	(18,672)	(13,476)	(12,910)
Experience Adjustment on Plan Liabilities	<b>(20,613)</b>	(5,019)	(875)	(3,865)	(2,879)
Experience Adjustment on Plan Assets	<b>(4,446)</b>	(419)	—	—	—

**Investment Pattern of Gratuity Funds:**

Particulars	Invested as on March 31, 2018		Invested as on March 31, 2017	
	Secure Managed Fund	Liquid Fund	Secure Managed Fund	Liquid Fund
Government Securities	<b>37%</b>	—	36%	—
Debentures/Bonds	<b>59%</b>	—	59%	—
Deposits, Money Market Securities and Net Current Assets	<b>4%</b>	<b>100%</b>	5%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>	100%	100%

The funds are managed by HDFC Standard Life Insurance Company Limited. Secure Managed Fund constitutes 91% (Previous Year 87%) and Liquid Fund constitutes 9% (Previous Year 13%) 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 2018-19, amounts to ₹ 65,030 thousand (Previous year ₹ 56,362 thousand).

**20. RELATED PARTY DISCLOSURE**

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

**I. From January 01, 2017 onwards.**

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

**Holding Company**

Housing Development Finance Corporation Limited (HDFC Ltd.)

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

HDFC Developers Limited (Upto January 24, 2018)

HDFC Asset Management Company Limited

HDFC Standard Life Insurance Company Limited

HDFC Realty Limited (Upto January 24, 2018)

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

GRUH Finance Limited  
HDFC Sales Private Limited  
HDFC Property Ventures Limited  
HDFC Credila Financial Services Private Limited  
HDFC Education and Development Services Private Limited  
HDFC Capital Advisors Limited.  
Haddock Properties Private Limited  
Pentagram Properties Private Limited  
Windermere Properties Private Limited  
HDFC Pension Management Company Limited

**Entities over which control is exercised**

HDFC Investment Trust  
HDFC Investment Trust II

**Investing Party and its group companies**

ERGO International AG  
Munich Re

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

Mr. Ritesh Kumar, Managing Director and CEO  
Ms. Reena Kumar, Spouse of Ritesh Kumar (MD & CEO)  
Ms. Saloni Agarwal, Daughter of Ritesh Kumar (MD & CEO)  
Ms. Harshita Agarwal, Daughter of Ritesh Kumar (MD & CEO)  
Mr. Amish Kumar Agarwal, Brother of Ritesh Kumar (MD & CEO)  
Mr. Mukesh Kumar, Executive Director  
Ms. Snigdha Kumar, Daughter of Mukesh Kumar (Executive Director)  
Mr. Anurag Sinha, Spouse of Ms. Mitikshara Kumar, Daughter of Mukesh Kumar - ED  
Mr. Anuj Tyagi, Executive Director

**II From April 01, 2016 till September 08, 2016**

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

**Holding Company**

Larsen & Toubro Limited

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

L&T Valves Ltd.  
BPP Tollway Ltd.  
CSJ Infrastructure Pvt. Ltd.  
Family Credit Ltd.  
Kudgi Transmission Ltd.  
L&T Hydrocarbon Engineering Ltd.  
L&T Vrindavan Properties Ltd.

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

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

**III From September 09, 2016 till December 31, 2016.**

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

**Holding Company**

HDFC ERGO General Insurance Company Limited

**Ultimate Holding Company**

Housing Development Finance Corporation Limited (HDFC Ltd)

**Investing Party and its group companies**

Munich Re

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

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

Mr. Mukesh Kumar, Managing Director & CEO

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

**(d)(i) Details of Transactions (From April 01, 2017 till March 31, 2018):**

(₹ '000)

Particulars	Holding Company	Fellow subsidiaries*	Investing Party and its group companies	Key Mgmt. Personnel
	Year ended March 31, 2018	Year ended March 31, 2018	Year ended March 31, 2018	Year ended March 31, 2018
<b>INCOME</b>				
Interest, Dividend and Rent – Gross	195,383	11,700	—	—
Premium from direct business written-net of service tax/GST	81,979	45,535	—	177
Commission received on Re-insurance ceded	—	—	515,126	—
Claims on Re-insurance ceded	—	—	638,371	—
Other Income	189	—	27,452	—
<b>Total</b>	<b>277,551</b>	<b>57,235</b>	<b>1,180,949</b>	<b>177</b>
<b>EXPENSES</b>				
Rent, rates and taxes	66,746	—	—	—
Name Usage Fees	296,044	—	—	—
Electricity expenses	1,082	—	—	—
Claims paid direct	259	7,666	—	—
Commission paid direct	9	438,862	—	—
Employees' remuneration and welfare benefits	—	—	—	107,351
Premium on re-insurance ceded	—	—	2,287,474	—
Interest on Debentures	—	—	129,200	—
Dividend	610,820	—	584,405	—
Insurance Premium paid	—	1,692	—	—
Repairs (Office Maintenance)	4,558	—	—	—
Others	753	—	—	—
<b>Total</b>	<b>980,271</b>	<b>448,220</b>	<b>3,001,079</b>	<b>107,351</b>

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

**(d)(ii) Account Balances as on March 31, 2018 and Transactions from April 01, 2017 to March 31, 2018:**

(₹ '000)

Particulars	Holding Company	Fellow subsidiaries*	Investing Party and its group companies	Key Mgmt. Personnel
	Year ended March 31, 2018	Year ended March 31, 2018	Year ended March 31, 2018	Year ended March 31, 2018
<b>ASSETS:</b>				
<b>Transaction during the year</b>				
Investment purchased during the year	—	507,987	—	—
Investment Sold during the year	—	101,343	—	—
<b>Account Balances</b>				
Investments	2,836,723	121,296	—	—
Income accrued on investments	104,976	224	—	—
Other Receivable	19	—	7,611	—
<b>LIABILITIES:</b>				
<b>Account Balances:</b>				
Debentures	—	—	1,700,000	—
Balances due to other insurance companies	—	—	1,236,978	—
Due to holding company	79,017	—	—	—
Interest Payable on Debentures	—	—	47,880	—
Unallocated Premium	7,588	17,211	—	—
Agents' Balances	61	54,676	—	—

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

**Transactions included in (d)(i) above which are in excess of 10% of the total related transactions of the same type are given below for the Period April 01, 2017 to March 31, 2018:**

(₹ '000)

Particulars	Munich Re	ERGO International AG	HDFC Standard Life	HDFC AMC Ltd
<b>INCOME</b>				
Premium from direct business written-net of service tax/GST	—	—	9,611	6,457
Commission received on Re-insurance ceded	515,126	—	—	—
Claims on Re-insurance ceded	638,371	—	—	—
Other Income	—	27,452	—	—
<b>Total</b>	<b>1,153,497</b>	<b>27,452</b>	<b>9,611</b>	<b>6,457</b>
<b>EXPENSES</b>				
Claims paid direct	—	—	7,124	—
Premium on re-insurance ceded	2,287,474	—	—	—
Interest on Debentures	—	129,200	—	—
Dividend	—	584,405	—	—
Insurance Premium Paid	—	—	1,692	—
<b>Total</b>	<b>2,287,474</b>	<b>713,605</b>	<b>8,816</b>	<b>—</b>



**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

**Account Balances as on March 31, 2018 and Transactions included in (d)(ii) above which are in excess of 10% of the total related transactions of the same type are given below for the Period April 01, 2017 to March 31, 2018:**

(₹ '000)

Particulars	Munich Re	ERGO International AG	HDFC Standard Life	HDFC AMC Ltd
<b>ASSETS:</b>				
<b>Transactions during the year</b>				
Investment purchased during the year	—	—	507,987	—
Investment Sold during the year	—	—	101,343	—
<b>Account Balances</b>				
Other Receivable	—	7,611	—	—
<b>LIABILITIES:</b>				
<b>Account Balances</b>				
Debentures	—	1,700,000	—	—
Balances due to other insurance companies	1,236,978	—	—	—
Interest Payable on Debentures	—	47,880	—	—
Unallocated Premium	—	—	654	13,679

**Transactions included in (d)(i) above which are in excess of 10% of the total related transactions of the same type are given below for the Period April 01, 2017 to March 31, 2018:**

(₹ '000)

Particulars	HDFC Sales Pvt Ltd	Ritesh Kumar (Incl relatives) (KMP)	Mukesh Kumar (Incl relatives) (KMP)	Anuj Tyagi (Incl relatives) (KMP)
<b>INCOME</b>				
Premium from direct business written-net of service tax/GST	22,939	75	67	35
<b>Total</b>	<b>22,939</b>	<b>75</b>	<b>67</b>	<b>35</b>
<b>EXPENSES</b>				
Commission paid direct	433,071	—	—	—
Employees' remuneration and welfare benefits	—	60,020	24,408	22,923
<b>Total</b>	<b>433,071</b>	<b>60,020</b>	<b>24,408</b>	<b>22,923</b>

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

Account Balances included in (d)(ii) above which are in excess of 10% of the total related transactions of the same type are given below as on March 31, 2018:

(₹ '000)

Particulars	HDFC Sales Pvt Ltd	Ritesh Kumar (Incl relatives) (KMP)	Mukesh Kumar (Incl relatives) (KMP)	Anuj Tyagi (Incl relatives) (KMP)
<b>ASSETS</b>				
Account Balances	—	—	—	—
<b>LIABILITIES:</b>				
Account Balances				
Unallocated Premium	2,697	—	—	—
Agents' Balances	54,676	—	—	—

**(e)(i) Details of Transactions (Upto September 08, 2016):**

(₹ '000)

Particulars	Holding Company	Fellow subsidiaries*
	For the Period April 01, 2016 to September 08, 2016	For the Period April 01, 2016 to September 08, 2016
<b>INCOME</b>		
Premium from direct business written-net of service tax	29,765	26,616
<b>Total</b>	<b>29,765</b>	<b>26,616</b>
<b>EXPENSES</b>		
Rent, rates and taxes	1,756	46,415
Electricity expenses	225	126
Claims paid direct	60,767	10,406
Commission paid	—	2,521
Information Technology Expenses	1,047	8,547
Legal and Professional charges	4,501	—
Employees' remuneration and welfare benefits	988	26,276
Office Maintenance	193	1,177
Others	48	—
<b>Total</b>	<b>69,525</b>	<b>95,468</b>

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

**(e)(ii) Account Balances as on September 08, 2016 and Transaction from April 01, 2016 to September 08, 2016:**

(₹ '000)

Particulars	Holding Company	Fellow subsidiaries*
	For the Period April 01, 2016 to September 08, 2016	For the Period April 01, 2016 to September 08, 2016
<b>ASSETS</b>		
<b>Account Balances</b>		
Information Technology Equipments	—	10,600
Deposit for Premises	—	164
<b>LIABILITIES</b>		
<b>Transactions during the year</b>		
- Share Capital	470,000	—

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

(₹ '000)

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

Account Balances included in (e)(ii) above which are in excess of 10% of the total related transactions of the same type are given below as on September 08, 2016:

(₹ '000)

Particulars	Family Credit Ltd.	L&T Vrindavan Properties Ltd.	L&T Access Distribution Services Ltd.	L&T Finance Holdings Ltd.
<b>ASSETS:</b>				
<b>Account Balances</b>				
Deposit for Premises	117	—	—	—

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

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

(₹ '000)

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

Account Balances included in (e)(ii) above which are in excess of 10% of the total related transactions of the same type are given below as on September 08, 2016:

(₹ '000)

Particulars	L&T Finance Ltd.	L&T Fincorp Ltd.	L&T Housing Finance Ltd.	L&T InfoTech Ltd.
<b>ASSETS:</b>				
<b>Account Balances</b>				
Information Technology Equipments	10,600	—	—	—
Deposit for Premises	—	—	47	—

(f)(i) **Details of Transactions (From September 09, 2016 till December 31, 2016):**

(₹ '000)

Particulars	Ultimate Holding Company	Holding Company	Investing Party and its group companies
	For the Period September 09, 2016 to December 31, 2016	For the Period September 09, 2016 to December 31, 2016	For the Period September 09, 2016 to December 31, 2016
<b>INCOME</b>			
Interest	6,797	—	—
Commission received on Re-insurance ceded	—	—	10,114
Claims on Re-insurance ceded	—	—	6,607
<b>Total</b>	<b>6,797</b>	<b>—</b>	<b>16,721</b>
<b>EXPENSES</b>			
Rent, rates and taxes	—	1,885	—
Employees' remuneration and welfare benefits	—	(72,082)	—
Premium on Re-insurance ceded	—	—	44,065
<b>Total</b>	<b>—</b>	<b>(70,197)</b>	<b>44,065</b>

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

**(f)(ii) Account Balances as on December 31, 2016 and Transactions (From September 09, 2016 till December 31, 2016) :**

(₹ '000)

Particulars	Ultimate Holding Company	Holding Company	Investing Party and its group companies
	For the Period September 09, 2016 to December 31, 2016	For the Period September 09, 2016 to December 31, 2016	For the Period September 09, 2016 to December 31, 2016
<b>ASSETS:</b>			
<b>Account Balances</b>			
Investments	140,811	—	—
Interest accrued on Investments	7,291	—	—
<b>LIABILITIES</b>			
<b>Transactions during the year</b>			
- Share Capital	—	150,000	—
<b>Account Balances</b>			
Balance due to other insurance companies	—	—	27,343

**(g)(i) Details of Transactions (From January 01, 2017 till March 31, 2017):**

(₹ '000)

Particulars	Holding Company	Subsidiary and Fellow subsidiaries*	Investing Party and its group companies	Key Management Personnel
	For the period ended January 01, 2017 to March 31, 2017	For the period ended January 01, 2017 to March 31, 2017	For the period ended January 01, 2017 to March 31, 2017	For the period ended January 01, 2017 to March 31, 2017
<b>INCOME</b>				
Interest, Dividend and Rent-Gross	42,984	2,885	—	—
Premium from direct business written-net of service tax	316	4,556	—	84
Commission received on Re-insurance ceded	—	—	90,707	—
Other Income	—	—	100,827	—
<b>Total</b>	<b>43,300</b>	<b>7,441</b>	<b>191,534</b>	<b>84</b>
<b>EXPENSES</b>				
Rent, rates and taxes	15,851	—	—	—
Electricity expenses	183	—	—	—
Name Usage Fees	237,382	—	—	—
Claims paid direct	—	471	—	—
Commission paid	—	72,799	—	—
Premium on Re-insurance ceded	—	—	243,558	—
Interest on Debentures	—	—	50,618	—
Employees' remuneration and welfare benefits	—	—	—	23,264
Insurance Premium	—	7,226	—	—
Others	2,419	—	—	—
<b>Total</b>	<b>255,835</b>	<b>80,496</b>	<b>294,176</b>	<b>23,264</b>

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

**(g)(ii) Account Balances as on March 31, 2017 and Transactions from January 01, 2017 till March 31, 2017):**

(₹ '000)

Particulars	Holding Company	Subsidiary and Fellow subsidiaries*	Investing Party and its group companies	Key Management Personnel
	For the period ended January 01, 2017 to March 31, 2017	For the period ended January 01, 2017 to March 31, 2017	For the period ended January 01, 2017 to March 31, 2017	For the period ended January 01, 2017 to March 31, 2017
<b>ASSETS</b>				
<b>Account Balances</b>				
Investments	2,648,941	121,502	—	—
Income accrued on investments	93,575	224	—	—
<b>LIABILITIES</b>				
<b>Transactions during the year</b>				
- Share Capital	308,780	—	296,671	—
- Share Premium	2,501,114	—	2,403,031	—
<b>Account Balances</b>				
Unallocated premium	5,651	9,712	—	—
Agents' Balances	52	29,897	—	—
Debentures	—	—	1,700,000	—
Balance due to other insurance companies	—	—	256,980	—
Other Payables	249,251	—	47,879	—

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

Transactions included in (g)(i) above which are in excess of 10% of the total related transactions of the same type are given below for the period ended January 01, 2017 to March 31, 2017:

(₹ '000)

Particulars	HDFC Standard Life Insurance Company Limited	HDFC Sales Private Limited	HDFC Realty Limited	HDFC Asset Management Company Limited
<b>INCOME</b>				
Premium from direct business written-net of service tax	2,504	1,619	—	—
<b>Total</b>	<b>2,504</b>	<b>1,619</b>	—	—
<b>EXPENSES</b>				
Claims paid direct	472	—	—	—
Commission paid	—	72,799	—	—
Insurance Premium	7,226	—	—	—
Others	—	—	—	—
<b>Total</b>	<b>7,698</b>	<b>72,799</b>	—	—



**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

Account Balances as on March 31, 2017 and Transactions included in (g)(ii) above which are in excess of 10% of the total related transactions of the same type are given below for the period ended January 01, 2017 to March 31, 2017:

(₹ '000)

Particulars	HDFC Standard Life Insurance Company Limited	HDFC Sales Private Limited	HDFC Realty Limited	HDFC Asset Management Company Limited
<b>ASSETS</b>	—	—	—	—
<b>LIABILITIES</b>				
<b>Account Balances</b>				
Unallocated premium	432	176	1,865	6,854
Agents' Balances	—	29,897	—	—

Transactions included in (g)(i) above which are in excess of 10% of the total related transactions of the same type are given below for the period ended January 01, 2017 to March 31, 2017:

(₹ '000)

Particulars	Munich Re	ERGO International AG	Ritesh Kumar (Incl- relatives) (KMP)	Mukesh Kumar (Incl- relatives) (KMP)	Anuj Tyagi (Incl- relatives) (KMP)
<b>INCOME</b>					
Premium from direct business written-net of service tax	—	—	40	21	23
Commission received on Re-insurance ceded	90,707	—	—	—	—
Claims on Re-insurance ceded	100,827	—	—	—	—
<b>Total</b>	<b>191,534</b>	<b>—</b>	<b>40</b>	<b>21</b>	<b>23</b>
<b>EXPENSES</b>					
Premium on Re-insurance ceded	243,558	—	—	—	—
Interest on Debentures	—	50,618	—	—	—
Employees' remuneration and welfare benefits	—	—	12,917	5,336	5,011
<b>Total</b>	<b>243,558</b>	<b>50,618</b>	<b>12,917</b>	<b>5,336</b>	<b>5,011</b>

Transactions included in (g)(ii) above which are in excess of 10% of the total related transactions of the same type are given below for the period ended January 01, 2017 to March 31, 2017:

(₹ '000)

Particulars	Munich Re	ERGO International AG	Ritesh Kumar (Incl- relatives) (KMP)	Mukesh Kumar (Incl- relatives) (KMP)	Anuj Tyagi (Incl- relatives) (KMP)
<b>ASSETS</b>	—	—	—	—	—
<b>LIABILITIES</b>					
<b>Transactions during the year</b>					
— Share Capital	—	296,671	—	—	—
— Share Premium	—	2,403,031	—	—	—
<b>Account Balances</b>					
Balance due to other insurance companies	256,980	—	—	—	—
Debentures	—	1,700,000	—	—	—
Others Payables	—	47,879	—	—	—

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### 21. LOAN RESTRUCTURING

The Company has not given any loans in the financial year 2017-18 (Previous year ₹ Nil)

#### 22. SUMMARY OF FINANCIAL STATEMENTS

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

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

- (a) During the year foreign exchange Gain (Net) earned by the Company is ₹ 6,085 thousand (Previous year ₹ 18,123 thousand) (included in Schedule 4 - Operating Expenses, under the head “Miscellaneous Expenses.”)
- (b) The year end foreign currency exposure is ₹ Nil (Previous year ₹ Nil).

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

The Company is a participant in and has received the Terrorism Pool retrocession of premium in the current financial year. Accordingly, as per the statement received from the Pool managers, the Company has recognized the pool retrocession for one quarter ended March 31, 2017 and for the three quarters ended June 30, 2017, September 30, 2017 and December 31, 2017, the accounts of which were received till the end of the financial year.

#### (b) SOLATIUM FUND

The IRDAI had asked the General Insurance Council (“the Council”) to recommend the percentage of contribution to be made to a Solatium Fund and matters relating to the administration of the Fund. The Council has decided that The New India Assurance Company Limited would administer the fund. The Council in its meeting held on May 6, 2005 approved the contribution of 0.10% of the motor gross written premium with effect from the date of commencement of business, for private insurance companies.

Vide letter dated July 26, 2010, the Council recommended the companies w.e.f April 1, 2010 to contribute 0.10% of all the third party premium written as Solatium Fund to the administrator on demand. However, during the year the Company has provided charge to the Revenue Accounts of ₹ 9,397 thousand (Previous year ₹ 3,001 thousand) on an accrual basis (see accounting policy in paragraph 2(u) above) and disclosed under Current Liabilities.

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

During the year, an amount of ₹ 3,115 thousand (Previous year ₹ 924 thousand) was collected towards Environment Relief Fund for public liability policies and an amount of ₹ 3,523 thousand (Previous year ₹ 461 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 ₹ 144 thousand (Previous year ₹ 552 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, 2018	For the year ended March 31, 2017
1	Net Profit After Tax for the year (₹ '000)	4,037,057	1,244,094
2	Weighted Average No. of Equity Shares for Basic ('000)	602,788	600,466
3	Weighted Average No. of Equity Shares for Diluted ('000)	604,361	603,907
4	Basic Earnings per Share (₹)	6.70	2.07
5	Diluted Earnings per Share (₹)	6.68	2.06
6	Nominal Value Per Share (₹)	10.00	10.00

There are 1,573 thousand (Previous year 3,441 thousand) dilutive potential equity shares outstanding during the year.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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, 2018.

27. Professional fees include payments made for various outsourced services amounting to ₹ 337,494 thousand (Previous year ₹ 118,201 thousand) (disclosed as per the requirement of IRDAI circular no. 067/IRDA/F&A/CIR/MAR-08 dated March 28, 2008).

#### 28. PREMIUM DEFICIENCY

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

#### 29. INDIAN MOTOR THIRD PARTY DECLINED RISK INSURANCE POOL (IMTPDRIP)

IRDAI vide its orders IRDA/NL/ORD/MPL/277/12/2011 dated December 23, 2011 and IRDA/NL/ORD/MPL/72/03/2012 dated March 22, 2012, had directed the formation of the Indian Motor Third Party Declined Risk Insurance Pool for standalone third party liability insurance for commercial vehicles (Liability only) (excluding Miscellaneous and special class of vehicles falling under erstwhile All India Motor Tariff) with effect from April 1, 2012.

During the previous year, the Company has accounted retrocession premium of ₹ 8,945 thousand, claims on retrocession of ₹ 13,418 thousand and share of expenses of ₹ 1,243 thousand, for the period April 1, 2015 to March 31, 2016 basis of audited clean cut settlement statement received from the pool administrator.

IRDAI vide its Circular No. IRDA/NL/CIR/MISC/051/03/2016 dated March 15, 2016 has directed the dismantling of the Indian Motor Third Party Declined Risk Insurance Pool (IMTPDRIP) with effect from April 1, 2016, as the Insurance Laws (Amendment) Act, 2015, which were notified on March 23, 2015, mandated the completion of certain minimum motor third party insurance business in the manner specified by IRDAI.

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

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

#### 31. FIXED ASSETS AND DEPRECIATION:

During the previous year, the Company has revised the estimated useful lives of its assets. The estimation has been based on the internal assessment carried out by the technical team and on the long term asset replacement experience. Accordingly, the useful lives of its assets are equal to or less than the useful life specified in Part C of Schedule II to the Companies Act, 2013 except in case of Information Technology Equipment (other than servers and networks).

The estimated useful life of the assets used is as under:

Nature of asset	Existing effective useful life(in years)	Useful life as per Schedule II to the Companies Act, 2013 (in years)	Revised useful life(in years)
Furniture and fittings	3	10	10
Office Equipment	4	5	5
Information Technology Equipment	3	6	4
Computer Software	6	—	4

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

Had the Company followed the earlier useful life, the charge to the Revenue Account during the previous year, would have been higher by ₹ 8,271 thousand.

**32. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Ministry of Corporate Affairs has notified Section 135 of the Companies Act, 2013 on Corporate Social Responsibility with effect from April 1, 2014. As per the provisions of the said Section, the Company does not have an obligation to comply with the said provisions. However, the Company, on its own free will has undertaken the CSR initiatives such as “Adopt Village” concept called “Gaon Mera” program, beautification and plantations at traffic islands, raincoats donation and distribution to Mumbai Traffic Policemen, Pollution mask distribution at Delhi Government Schools and donations for organizing road safety programmes during the financial year 2017-18. The Gross amount required to be spent by the Company on CSR initiatives is ₹ Nil (Previous year ₹ Nil).

The amount spent during the year is as follows:

(₹ '000)

Sr.No.	Particulars	Incurred and Paid For the year ended March 31, 2018	Incurred and Paid For the year ended March 31, 2017
1.	Construction/acquisition of any asset	Nil	Nil
2.	On purposes other than (i) above	46,226	13,791

**33. PROVISION FOR FREE LOOK PERIOD**

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

**34. DISCLOSURE ON OTHER WORK GIVEN TO AUDITORS**

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

(₹ '000)

Name of the auditor	Services rendered	For the year ended March 31, 2018	For the year ended March 31, 2017
G. M. Kapadia & Co.	Review of quarterly financial information	1,658	200
	Certification	357	1,653
B. K. Khare & Co.	Tax Audit	472	515
	Certification	153	65
Kirtane & Pandit	Review of Quarterly financial information	—	276
Chhajed & Doshi	Review of Quarterly financial information	—	287
	Certification	—	80

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

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

(₹ '000)

Sr. No.	Authority	Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority of India	N.A. Order of on-site inspection during 2013	NA (1,500)*	NA (1,500)*	Nil (Nil)
2	Service Tax Authorities	Availment of ineligible Cenvat credit (N.A.)	4,416* (Nil)	4,416* (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)

\* Penalty was awarded to the Transferor Company.

Note:-

An amount of ₹ 26,575 thousand has been paid towards short payment of service tax liability pertaining to L&T General Insurance Company Limited for the transactions carried out during the period 2012-13 to 2016-17 (Upto September 30, 2016) and the same has been reimbursed by Larsen & Toubro Limited, in terms of Share Sale and Purchase agreement dated January 03, 2016.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

36. As required by section 71 of the Companies Act, 2013 during the year the Company has created Debenture redemption reserve of ₹ 97,200 thousand (Previous year ₹ 97,200 thousand) on 10 years 3,500 nos. of 7.60% Unsecured, Subordinated, Fully paid up, Listed, Redeemable Non-Convertible Debentures (NCDs) having face value of ₹ 1,000 thousand each, for cash at par under NCD Series 2016-17/1 with a call option after 5 years.

37. In view of the Merger the figures of the current year are not comparable with those of the previous year.

Further, previous year figures have been reclassified in respect of following items for better presentation, understanding and comparable with those of the current year. Previous year figures have been regrouped / reclassified as follows

(₹ '000)

Sr No.	Schedule to Balance Sheet	Reclassified From	Reclassified To	Amount
1	Schedule 8 Investments	Debentures / Bonds	Equity	144,637
2	Schedule 8A Investments	Debentures / Bonds	Equity	405,363

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

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

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

**Renu Sud Karnad**  
Director  
(DIN: 00008064)

**Alexander Ankel**  
Director  
(DIN: 07798908)

**Theodoros Kokkalas**  
Director  
(DIN: 08093899)

**Bernhard Steinruecke**  
Independent Director  
(DIN: 01122939)

**Mehernosh B. Kapadia**  
Independent Director  
(DIN: 00046612)

**Arvind Mahajan**  
Independent Director  
(DIN: 07553144)

**Mukesh Kumar**  
Executive Director  
(DIN: 06864359)

**Anuj Tyagi**  
Executive Director  
(DIN: 07505313)

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

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

**Dayananda V. Shetty**  
Executive Vice President  
- Legal & Compliance  
and Company Secretary  
(Membership No.: FCS  
4638)

Mumbai,  
Dated: April 16, 2018.



**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

**Annexure 1**

**Segmental Breakup of the Balance Sheet as at March 31, 2018**

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	762,527	508,500	27,756,202	-	29,027,230
(Refer note 2(h) and 28 of Schedule16)	(674,092)	(538,539)	(22,904,375)	-	(24,117,006)
Reserve for Unexpired Risk	2,094,265	144,717	20,546,768	-	22,785,750
	(1,770,340)	(121,000)	(16,284,651)	-	(18,175,991)

(Previous year's figures are in brackets)

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

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2018**  
**Annexure 1**

	Fire	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty *	Weather/ Cop	Others	Total
	(₹ '000)																			
Premium Earned (Net) (Schedule - A)	973,629	485,686	447	15,188,688	8,837,195	6,231,493	-	124,618	16,262	5,738	206,404	257,132	133,874	3,366,526	4,684,548	13,658	311,117	3,659,574	536,696	29,944,995
Profit on Sale of Investments	32,855	8,072	64	352,645	75,094	277,552	-	2,024	193	167	2,025	4,156	2,213	70,720	60,374	475	3,433	37,081	6,744	583,242
Interest, Rent and Dividend (Net of Amortisation)	238,358	58,558	467	2,558,344	544,784	2,013,560	-	14,682	1,400	1,215	14,687	30,147	16,058	513,053	437,999	3,447	24,908	269,016	48,924	4,231,261
Investment Income from Pool	40,724	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,724
Other Income	1,147	629	1	19,633	11,567	8,065	-	161	21	7	267	314	-	4,357	6,063	18	403	4,737	695	38,452
<b>Total Segmental Revenue</b>	<b>1,286,713</b>	<b>552,944</b>	<b>979</b>	<b>18,099,311</b>	<b>9,568,640</b>	<b>8,530,670</b>	<b>-</b>	<b>141,485</b>	<b>17,876</b>	<b>7,128</b>	<b>223,383</b>	<b>291,748</b>	<b>152,145</b>	<b>3,954,656</b>	<b>5,188,985</b>	<b>17,598</b>	<b>340,261</b>	<b>3,970,407</b>	<b>593,058</b>	<b>34,838,675</b>
Claims Incurred (Net) (Schedule - B)	644,453	399,520	(1,035)	12,798,097	6,158,239	6,639,858	-	778	990	(6,375)	50,519	158,702	168,973	1,223,513	3,009,439	8,378	138,168	3,204,245	471,450	22,866,810
Commission (Net) (Schedule - C)	(183,133)	39,533	(6,338)	998,364	1,363,978	(395,614)	-	13,053	1,757	1,695	31,800	(125,915)	6,070	(89,763)	(1,372,261)	2,417	67,542	(2,069,184)	320	(2,684,240)
Operating Expenses Related to Insurance Business (Schedule - D)	963,197	171,694	48,812	3,231,434	1,914,978	1,316,456	-	19,078	3,131	3,297	74,626	184,933	39,669	831,402	1,392,414	4,440	133,292	3,265,250	178,034	10,544,702
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Segmental Expenditure</b>	<b>1,421,217</b>	<b>610,748</b>	<b>41,441</b>	<b>17,027,884</b>	<b>9,437,195</b>	<b>7,590,689</b>	<b>-</b>	<b>32,909</b>	<b>5,878</b>	<b>(1,382)</b>	<b>156,336</b>	<b>217,719</b>	<b>214,713</b>	<b>1,965,152</b>	<b>3,029,592</b>	<b>15,236</b>	<b>339,102</b>	<b>4,400,311</b>	<b>649,803</b>	<b>30,127,273</b>
<b>Segmental Profit/(Loss)</b>	<b>(134,504)</b>	<b>(57,804)</b>	<b>(40,462)</b>	<b>1,071,416</b>	<b>131,446</b>	<b>939,971</b>	<b>-</b>	<b>108,576</b>	<b>11,998</b>	<b>8,500</b>	<b>66,447</b>	<b>74,029</b>	<b>(62,568)</b>	<b>1,988,504</b>	<b>2,159,392</b>	<b>2,362</b>	<b>1,159</b>	<b>(429,904)</b>	<b>(56,746)</b>	<b>4,711,402</b>
* Includes -																				
1. Directors' and officers' liability																				
2. Mutual fund assets protection																				

**SCHEDULE - A to Annexure 1**

	Fire	Marine Cargo	Marine-Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Cop	Others	Total
	(₹ '000)																			
<b>PREMIUM EARNED (NET)</b>																				
(Refer note 8 of Schedule 16)																				
Premium from direct business written net of Service tax (GST)	6,200,277	1,097,518	348,417	23,066,016	13,669,130	9,396,886	-	136,176	22,338	23,542	512,763	1,242,402	212,594	5,331,623	9,925,244	31,694	867,700	22,013,134	1,268,598	72,889,697
Add: Premium on Re-insurance accepted	705,291	128,024	-	-	-	-	-	-	-	-	19,921	84,580	70,980	2,904	13,813	-	83,685	-	2,222	1,111,420
Less: Premium on Re-insurance ceded	(5,038,014)	(717,300)	(346,809)	(5,649,026)	(3,454,124)	(2,394,902)	-	(7,844)	(9,423)	(15,212)	(310,235)	(1,054,462)	(205,575)	(1,730,384)	(4,292,397)	(10,342)	(550,823)	(18,105,436)	(639,762)	(39,466,361)
Net Premium	1,287,555	508,243	1,609	17,216,990	10,215,006	7,001,984	-	128,336	12,915	5,330	222,449	272,500	77,599	4,204,143	5,646,660	21,352	400,622	3,907,699	631,058	34,554,756
Add/(Less): Adjustment for changes in reserve for unexpired risks	(323,929)	(22,556)	(1,161)	(2,048,302)	(1,277,811)	(770,491)	-	(3,717)	3,346	408	(16,045)	(15,368)	56,375	(837,617)	(962,112)	(7,694)	(89,105)	(248,124)	(94,362)	(4,609,759)
<b>Total Premium Earned</b>	<b>973,629</b>	<b>485,686</b>	<b>447</b>	<b>15,188,688</b>	<b>8,837,195</b>	<b>6,231,493</b>	<b>-</b>	<b>124,618</b>	<b>16,262</b>	<b>5,738</b>	<b>206,404</b>	<b>257,132</b>	<b>133,874</b>	<b>3,366,526</b>	<b>4,684,548</b>	<b>13,658</b>	<b>311,117</b>	<b>3,659,574</b>	<b>536,696</b>	<b>29,944,997</b>

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

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2018 (Continued)**

**SCHEDULE - B to Annexure 1**

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/Declined Risk Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/Corp	Others	Total
<b>CLAIMS INCURRED [NET]</b>																				
(Refer note 7 of Schedule 16)																				
Claims paid direct	2,573,452	883,261	67,631	12,286,684	8,536,673	3,170,011	-	27,207	55	-	151,693	516,038	352,345	1,398,204	4,175,642	7,016	224,109	16,716,925	788,965	40,442,027
Advt. Claims on Re-insurance accepted	199,230	27,791	2,513	-	-	-	-	-	-	-	-	939	95,491	-	3	-	11,063	-	-	337,030
Less: Re-insurance ceded	(2,219,665)	(483,370)	(69,302)	(4,400,088)	(2,551,405)	(1,848,694)	-	(1,360)	(3)	-	(107,473)	(333,423)	(350,229)	(328,111)	(11,300,737)	(218)	(172,077)	(13,175,847)	(350,570)	(23,122,474)
Net Claims paid	553,016	427,681	842	7,886,595	5,985,268	1,301,327	-	25,846	52	-	44,220	185,554	98,207	1,040,093	3,045,107	6,798	63,094	3,541,078	438,395	17,356,583
Advt. Claims Outstanding at the end of the year	762,527	505,274	3,226	22,583,023	1,246,074	21,336,949	-	101,362	9,434	8,876	87,307	184,002	184,764	637,377	858,223	8,450	169,933	2,698,323	225,108	29,027,229
Less: Claims Outstanding at the beginning of the year	(674,092)	(533,435)	(5,103)	(17,671,521)	(1,073,103)	(16,538,418)	-	(126,451)	(8,496)	(15,251)	(81,018)	(210,954)	(113,997)	(453,957)	(893,892)	(6,870)	(94,660)	(3,035,156)	(192,053)	(24,117,006)
<b>Total Claims Incurred</b>	<b>644,453</b>	<b>399,520</b>	<b>(1,036)</b>	<b>12,798,097</b>	<b>6,158,239</b>	<b>6,039,858</b>	<b>-</b>	<b>778</b>	<b>940</b>	<b>(6,375)</b>	<b>50,809</b>	<b>158,702</b>	<b>188,973</b>	<b>1,223,513</b>	<b>3,009,439</b>	<b>8,378</b>	<b>138,168</b>	<b>3,204,245</b>	<b>471,450</b>	<b>22,666,806</b>

**SCHEDULE - C to Annexure 1**

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/Declined Risk Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/Corp	Others	Total
<b>COMMISSION PAID [NET]</b>																				
Commission paid direct	448,277	101,031	2,985	2,063,140	2,023,872	39,288	-	14,303	2,105	3,609	48,223	99,522	7,573	838,608	1,226,019	2,933	101,893	463	71,733	5,031,717
Advt. Commission paid on Re-insurance accepted	51,316	7,360	-	-	-	-	-	-	-	-	4,735	5,821	6,475	-	1,815	-	12,823	-	16	90,361
Less: Commission received on Re-insurance ceded	(683,076)	(68,658)	(9,321)	(1,064,776)	(659,894)	(404,882)	-	(1,250)	(348)	(1,914)	(211,198)	(231,258)	(7,978)	(928,371)	(2,600,095)	(516)	(46,374)	(2,069,647)	(71,429)	(7,806,319)
<b>Net commission paid/received</b>	<b>(183,483)</b>	<b>39,533</b>	<b>(6,336)</b>	<b>998,364</b>	<b>1,363,978</b>	<b>(365,614)</b>	<b>-</b>	<b>13,053</b>	<b>1,757</b>	<b>1,695</b>	<b>31,800</b>	<b>(125,915)</b>	<b>6,070</b>	<b>(89,763)</b>	<b>(1,372,261)</b>	<b>2,417</b>	<b>67,642</b>	<b>(2,069,184)</b>	<b>320</b>	<b>(2,684,241)</b>

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

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2018 (Continued)**  
**SCHEDULE - D to Annexure 1**

	Fire	Marine Cargo	Marine- Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total
<b>OPERATING EXPENSES RELATED TO INSURANCE BUSINESS</b>																				
Employees' remuneration and welfare benefits (Refer note 11 of Schedule 16)	275,436	49,097	13,958	924,063	547,608	376,455	-	5,455	895	943	21,340	52,884	11,344	237,747	398,175	1,270	38,116	881,882	50,911	2,963,516
Travel, conveyance and vehicle running expenses	14,403	2,567	730	48,322	28,636	19,686	-	285	47	49	1,116	2,765	593	12,433	20,822	66	1,993	46,117	2,662	154,970
Training expenses	57,260	10,207	2,902	192,102	113,841	78,261	-	1,134	186	196	4,436	10,994	2,358	49,425	82,776	264	7,924	183,333	10,584	616,081
Rents, rates and taxes	41,259	7,354	2,091	138,419	82,028	56,391	-	817	134	141	3,197	7,922	1,699	35,613	59,644	190	5,710	132,101	7,626	443,917
Repairs	15,442	2,753	783	51,806	30,700	21,105	-	306	50	53	1,196	2,965	636	13,329	22,323	71	2,137	49,441	2,854	166,144
Printing and stationery	11,610	2,070	588	38,951	23,063	15,868	-	230	38	40	900	2,229	478	10,022	16,784	54	1,607	37,173	2,146	124,920
Communication	6,195	1,104	314	20,784	12,317	8,467	-	123	20	21	480	1,189	255	5,347	8,956	29	857	19,835	1,145	66,654
Legal and professional charges	259,542	46,264	13,153	870,739	516,008	354,731	-	5,141	843	889	20,109	49,832	10,690	224,028	375,198	1,196	35,917	830,983	47,973	2,792,507
Auditors' fees, expenses etc.																				
(a) as auditors	570	102	29	1,913	1,134	779	-	11	2	2	44	109	23	492	824	3	79	1,826	105	6,134
(b) as advisor or in any other capacity in respect of:																				
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c) In any other capacity	245	44	12	823	488	335	-	5	1	1	19	47	10	212	355	1	34	786	45	2,640
Advertisement and publicity	153,449	27,353	7,776	514,806	305,079	209,727	-	3,039	499	525	11,889	29,462	6,320	132,452	221,828	707	21,235	491,307	28,363	1,651,010
Interest and bank charges	24,067	4,290	1,220	80,742	47,848	32,893	-	477	78	82	1,855	4,621	991	20,774	34,791	111	3,330	258,372	4,448	440,258
Others:																				
Electricity expenses	7,896	1,408	400	26,491	15,699	10,792	-	156	26	27	612	1,516	325	6,816	11,415	36	1,093	25,282	1,460	84,959
Office expenses	3,613	644	183	12,121	7,183	4,938	-	72	12	12	280	694	149	3,119	5,223	37	500	11,568	668	38,875
Miscellaneous expenses	7,401	1,319	375	24,830	14,715	10,116	-	147	24	25	573	1,421	305	6,388	10,699	34	1,024	23,697	1,368	79,631
Information Technology expenses	37,759	6,731	1,914	126,678	75,071	51,608	-	748	123	129	2,925	7,250	1,555	32,592	54,585	174	5,225	120,896	6,979	406,265
Postage and courier	14,497	2,584	735	48,635	28,821	19,813	-	287	47	50	1,123	2,783	597	12,513	20,957	67	2,006	46,415	2,680	155,975
Loss on sale of assets	4,049	722	205	13,562	8,049	5,533	-	80	13	14	314	777	167	3,495	5,853	19	560	12,983	748	43,561
Depreciation	28,504	5,081	1,444	95,628	56,670	36,958	-	565	93	98	2,208	5,473	1,174	24,604	41,206	131	3,945	91,263	5,269	306,685
<b>Total Operating Expenses</b>	<b>983,197</b>	<b>171,694</b>	<b>48,812</b>	<b>3,231,434</b>	<b>1,914,978</b>	<b>1,316,466</b>	<b>-</b>	<b>19,078</b>	<b>3,131</b>	<b>3,297</b>	<b>74,626</b>	<b>184,933</b>	<b>39,669</b>	<b>851,402</b>	<b>1,392,414</b>	<b>4,440</b>	<b>133,292</b>	<b>3,285,260</b>	<b>178,034</b>	<b>10,544,703</b>

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

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2017**  
**Annexure 1**

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty *	Weather/ Crop	Others	Total
Premium Earned (Net) (Schedule - A)	252,370	197,543	(263)	5,359,951	3,243,928	2,107,078	8,945	66,519	7,580	1,230	33,354	97,379	(37,656)	775,001	1,450,312	3,083	45,711	1,512,801	125,805	9,891,020
Profit on Sale of Investments	26,960	7,345	55	287,684	66,553	222,131	-	2,026	199	167	1,536	4,503	1,698	51,622	47,618	333	1,945	30,059	5,099	468,049
Interest, Rent and Dividend (Net of Amortisation)	72,615	19,784	148	774,863	176,564	598,299	-	5,457	537	451	4,136	12,129	4,573	138,579	128,257	899	5,238	80,961	13,733	1,263,960
Investment Income from Pool	13,784	-	-	-	-	-	-	-	-	-	-	2,432	-	-	-	-	-	-	-	16,216
Other Income	129	101	-	2,746	1,665	1,081	-	34	4	1	17	49	-	398	744	2	23	776	65	5,089
<b>Total Segmental Revenue</b>	<b>365,858</b>	<b>224,773</b>	<b>(60)</b>	<b>6,425,244</b>	<b>3,487,710</b>	<b>2,928,989</b>	<b>8,945</b>	<b>74,036</b>	<b>8,320</b>	<b>1,849</b>	<b>39,243</b>	<b>116,494</b>	<b>(31,386)</b>	<b>986,600</b>	<b>1,626,331</b>	<b>4,317</b>	<b>52,917</b>	<b>1,624,997</b>	<b>144,702</b>	<b>11,644,734</b>
Claims Incurred (Net) (Schedule - B)	119,762	144,111	612	4,870,716	2,383,727	2,483,641	(2,662)	45,564	(121)	8,904	19,545	597,733	91,342	106,269	816,654	(1,613)	(25,196)	1,474,569	(32,877)	7,697,973
Commission (Net) (Schedule - C)	(69,271)	8,820	(2,567)	(45,115)	77,764	(122,879)	-	3,566	186	(318)	1,558	(44,220)	415	(38,409)	(332,532)	570	1,028	(1,011,225)	(6,629)	(1,524,143)
Operating Expenses Related to Insurance Business (Schedule - D)	383,115	57,064	29,114	1,362,295	701,820	660,342	133	10,754	1,951	3,134	21,116	101,605	15,106	258,513	470,889	1,736	20,537	1,844,162	70,441	4,651,511
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Segmental Expenditure</b>	<b>443,606</b>	<b>209,995</b>	<b>27,159</b>	<b>6,187,896</b>	<b>3,163,311</b>	<b>3,021,104</b>	<b>(2,519)</b>	<b>59,884</b>	<b>2,016</b>	<b>11,720</b>	<b>42,219</b>	<b>117,118</b>	<b>106,863</b>	<b>326,373</b>	<b>954,990</b>	<b>693</b>	<b>(3,631)</b>	<b>2,307,506</b>	<b>30,935</b>	<b>10,825,341</b>
<b>Segmental Profit/(Loss)</b>	<b>(77,748)</b>	<b>14,778</b>	<b>(27,219)</b>	<b>237,348</b>	<b>318,399</b>	<b>(92,515)</b>	<b>11,464</b>	<b>14,151</b>	<b>6,304</b>	<b>(9,871)</b>	<b>(2,876)</b>	<b>(624)</b>	<b>(138,249)</b>	<b>640,427</b>	<b>671,941</b>	<b>3,624</b>	<b>56,548</b>	<b>(683,909)</b>	<b>113,767</b>	<b>819,393</b>

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

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's 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 of Schedule 16)	1,601,534	259,790	137,212	7,252,284	4,251,344	3,000,940	-	48,873	8,866	14,244	95,962	420,117	50,948	1,256,202	2,495,992	7,888	91,950	8,131,574	318,228	22,241,664
Premium from direct business written-net of Service tax	192,327	9,072	(32)	8,945	-	-	8,945	-	-	-	-	50,944	17,702	159	-	-	1,382	-	1,891	282,390
Add: Premium on Reinsurance accepted	(1,459,552)	(165,189)	(137,749)	(1,877,387)	(1,110,853)	(766,534)	-	(2,997)	199	(13,075)	(76,081)	(397,911)	(63,116)	(385,282)	(1,027,331)	(2,685)	(62,637)	(6,666,035)	(193,874)	(12,532,702)
Less: Premium on Reinsurance ceded	334,309	103,673	(569)	5,383,842	3,140,491	2,234,406	8,945	45,876	9,065	1,169	19,881	73,150	5,534	871,079	1,488,661	5,203	30,895	1,513,539	126,245	9,991,352
Net Premium	(81,939)	93,870	306	(23,891)	10,3437	(127,328)	-	20,643	(1,485)	61	13,773	24,229	(43,190)	(96,078)	(18,349)	(2,120)	15,016	(738)	(440)	(100,332)
Add/(Less): Adjustment for changes in reserve for unexpired risks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Premium Earned</b>	<b>252,370</b>	<b>197,543</b>	<b>(263)</b>	<b>5,359,951</b>	<b>3,243,928</b>	<b>2,107,078</b>	<b>8,945</b>	<b>66,519</b>	<b>7,580</b>	<b>1,230</b>	<b>33,654</b>	<b>97,379</b>	<b>(37,656)</b>	<b>775,001</b>	<b>1,450,312</b>	<b>3,083</b>	<b>45,711</b>	<b>1,512,801</b>	<b>125,805</b>	<b>9,891,020</b>

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

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2017 (Continued)**  
**SCHEDULE - B to Annexure 1**

	Fire	Marine Cargo	Marine- Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total
<b>CLAIMS INCURRED [NET]</b> (Refer note 7 of Schedule 16)																				
Claims paid direct	1,168,597	316,095	2,318	4,303,025	2,892,314	1,420,711	-	16,658	361	247	190,767	209,476	52	303,295	1,176,466	2,005	91,161	2,485,059	197,534	10,463,116
Add: Claims on Re-insurance accepted	31,912	13,699	-	13,418	-	-	13,418	-	-	-	-	3,339	44,310	-	1,196	-	-	-	-	107,874
Less: Re-insurance ceded	(990,470)	(125,044)	(2,140)	(806,354)	(563,864)	(222,490)	-	(841)	(290)	(242)	(190,628)	(132,134)	(1,204)	(58,909)	(270,231)	(123)	(90,906)	(1,900,901)	(101,625)	(4,672,042)
Net Claims paid	210,039	204,750	178	3,510,089	2,298,450	1,198,221	13,418	15,817	71	5	139	80,681	43,158	244,386	907,431	1,882	255	584,158	95,909	5,898,948
Add: Claims Outstanding at the end of the year	674,091	533,436	5,103	17,671,521	1,073,103	165,984,418	-	126,451	8,496	15,251	81,018	210,854	113,997	453,957	893,892	6,870	94,860	3,035,156	192,653	24,117,006
Less: Claims Outstanding on account of Merger as on January 01, 2017	(605,382)	(555,078)	(4,669)	(13,861,636)	(759,650)	(13,101,986)	-	(88,367)	(8,222)	(6,352)	(61,612)	(154,420)	(65,813)	(566,534)	(912,345)	(10,365)	(120,311)	(2,144,745)	(295,723)	(19,461,574)
Less: Claims Outstanding at the beginning of the year	(158,986)	(38,997)	-	(2,449,258)	(222,176)	(2,214,012)	(16,070)	(8,337)	(466)	-	-	(77,383)	-	(25,539)	(72,324)	-	-	-	(25,116)	(2,856,406)
<b>Total Claims Incurred</b>	<b>119,762</b>	<b>144,111</b>	<b>612</b>	<b>4,870,716</b>	<b>2,389,727</b>	<b>2,483,641</b>	<b>(2,652)</b>	<b>45,564</b>	<b>(121)</b>	<b>8,904</b>	<b>19,545</b>	<b>59,733</b>	<b>91,342</b>	<b>106,269</b>	<b>816,654</b>	<b>(1,613)</b>	<b>(25,196)</b>	<b>1,474,569</b>	<b>(32,877)</b>	<b>7,697,974</b>

	Fire	Marine Cargo	Marine- Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total
<b>COMMISSION PAID [NET]</b>																				
Commission paid direct	77,942	24,543	395	292,968	292,968	-	-	3,884	536	106	10,106	18,184	518	182,995	284,445	696	13,674	-	15,486	926,478
Add: Commission paid on Re-insurance accepted	8,194	701	-	4,189	2,529	1,660	-	52	6	1	26	2,876	1,184	634	1,143	3	210	1,192	99	20,510
Less: Commission received on Re-insurance ceded	(145,407)	(16,424)	(2,962)	(342,272)	(217,733)	(124,539)	-	(370)	(356)	(425)	(8,574)	(65,280)	(1,287)	(222,038)	(618,120)	(129)	(12,856)	(1,012,417)	(22,214)	(2,471,131)
<b>Net commission paid/(received)</b>	<b>(69,271)</b>	<b>8,820</b>	<b>(2,567)</b>	<b>(45,115)</b>	<b>77,764</b>	<b>(122,879)</b>	<b>-</b>	<b>3,566</b>	<b>186</b>	<b>(318)</b>	<b>1,558</b>	<b>(44,220)</b>	<b>415</b>	<b>(38,409)</b>	<b>(332,532)</b>	<b>570</b>	<b>1,028</b>	<b>(1,011,225)</b>	<b>(6,529)</b>	<b>(1,524,143)</b>



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

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2017 (Continued)**  
**SCHEDULE - D to Annexure 1**

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather/ Crop	Others	Total
<b>OPERATING EXPENSES RELATED TO INSURANCE BUSINESS</b>																				
Employees' remuneration and welfare benefits (Refer note 11 of Schedule 16)	72,894	11,256	5,743	303,632	177,991	125,641	-	2,046	371	596	4,018	19,332	2,874	52,600	104,500	330	3,908	342,539	13,403	940,042
Travel, conveyance and vehicle running expenses	6,798	1,050	536	28,316	16,599	11,717	-	191	35	55	375	1,803	268	4,905	9,745	31	364	31,945	1,250	87,667
Training expenses	12,962	2,002	1,021	53,991	31,650	22,341	-	364	66	106	714	3,437	511	9,353	18,582	59	695	60,909	2,383	167,155
Rents, rates and taxes	17,867	2,759	1,408	74,424	43,628	30,796	-	502	91	146	985	4,738	705	12,893	25,615	81	958	83,961	3,285	230,418
Repairs	4,825	745	380	20,097	11,781	8,316	-	135	25	40	265	1,280	191	3,462	6,916	22	258	22,671	887	62,219
Printing and stationery	4,709	727	371	19,615	11,499	8,116	-	132	24	39	259	1,249	186	3,398	6,751	21	253	22,128	866	60,728
Communication	1,826	282	144	7,608	4,460	3,148	-	51	9	15	101	484	72	1,318	2,618	8	98	8,583	336	23,553
Legal and professional charges	121,648	18,785	9,585	273,180	63,373	209,674	133	3,415	619	995	6,705	32,262	4,796	69,838	96,032	551	6,521	571,641	22,364	1,238,939
Auditors' fees, expenses etc.																				
(a) as auditors	524	81	41	2,183	1,280	903	-	15	3	4	29	139	21	378	751	3	28	2,463	96	6,759
(b) as advisor or in any other capacity, in respect of:																				
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c) in any other capacity	170	26	13	706	414	292	-	5	1	1	9	45	7	122	243	1	9	797	31	2,186
Advertisement and publicity	88,580	13,679	6,979	368,970	216,293	152,677	-	2,486	451	725	4,862	23,492	3,493	63,919	126,987	401	4,748	416,249	16,287	1,142,328
Interest and bank charges	5,712	882	450	23,792	13,947	9,845	-	160	29	47	315	1,515	225	4,122	8,189	26	306	70,690	1,050	117,510
Others:																				
Electricity expenses	2,370	366	187	9,871	5,786	4,085	-	67	12	19	131	628	93	1,710	3,397	10	127	11,136	436	30,560
Office expenses	905	140	71	3,770	2,210	1,560	-	25	5	8	50	240	36	653	1,297	4	48	4,253	167	11,672
Miscellaneous expenses	1,482	229	117	6,174	3,619	2,555	-	42	8	12	82	383	58	1,070	2,125	7	79	6,965	275	19,116
Service charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Information Technology expenses	20,680	3,194	1,629	86,142	50,497	35,645	-	580	105	169	1,140	5,485	815	14,923	29,647	94	1,109	97,181	3,802	266,695
Postage and courier	3,633	561	286	15,135	8,872	6,263	-	102	18	30	200	964	143	2,622	5,209	17	195	17,074	688	46,857
Loss on sale of assets (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	15,530	2,398	1,224	64,689	37,921	26,768	-	436	79	127	856	4,119	612	11,207	22,264	70	833	72,977	2,856	200,276
Expenses transferred to Shareholders' Account	-	(2,098)	(1,071)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,169)
<b>Total Operating Expenses</b>	<b>383,115</b>	<b>57,064</b>	<b>29,114</b>	<b>1,362,295</b>	<b>701,820</b>	<b>660,342</b>	<b>133</b>	<b>10,754</b>	<b>1,951</b>	<b>3,134</b>	<b>21,116</b>	<b>101,605</b>	<b>15,106</b>	<b>258,513</b>	<b>470,868</b>	<b>1,736</b>	<b>20,537</b>	<b>1,844,162</b>	<b>70,441</b>	<b>4,651,511</b>

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

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

Sr. No.	Performance Ratio	As on 31st March 2018				As on 31st March 2017			
		Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
1	Gross premium growth rate (refer note 1a and 1b)	287.15%	264.21%	222.35%	227.76%	166.54%	174.08%	407.58%	369.84%
	Gross Premium for Current period / Gross Premium for Previous period								
2	Gross Premium to shareholders' fund ratio	NA	NA	NA	4.14	NA	NA	NA	1.51
	Gross Premium for Current period / (Paid up Capital plus Free Reserves)								
3	Growth rate of shareholders' funds	NA	NA	NA	18.61%	NA	NA	NA	938.92%
	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)	18.79%	32.39%	49.97%	46.69%	18.64%	25.39%	47.01%	44.36%
	Net Premium / Gross Premium								
5	Net commission ratio (refer note 1a and 1b)	-14.14%	6.51%	-7.74%	-7.77%	-17.73%	6.06%	-15.40%	-15.25%
	Net Commission / Net Premium								
6	Expenses of Management to gross direct Premium ratio	22.76%	22.44%	21.21%	21.37%	28.79%	27.99%	24.73%	25.08%
	Operating Expenses + Gross Commission / Gross Premium								
7	Expenses of Management to Net written Premium ratio	108.78%	63.65%	42.26%	45.08%	137.91%	107.77%	52.40%	55.83%
	Operating Expenses + Gross Commission / Net Premium								
8	Net incurred Claims to Net Earned Premium	65.88%	81.97%	74.52%	74.36%	47.45%	73.36%	78.73%	77.83%
	Net incurred Claim / Net earned premium								
9	Combined ratio	125.98%	131.73%	95.37%	97.11%	144.32%	163.01%	107.11%	109.13%
	Net Incurred Claim, Net Commission plus Operating Expense / Net Premium + Net earned premium								
10	Technical reserves to net Premium ratio	2.20	1.28	1.48	1.50	7.31	6.40	4.10	4.23
	Reserve for Unexpired Risks plus Deficiency Reserve plus Reserve for Outstanding Claims / Net Premium								
11	Underwriting balance ratio	-0.46	-0.34	0.02	-0.01	-0.76	-0.20	-0.07	-0.09
	Underwriting Profit / Net Premium								
12	Operating profit ratio	-13.81%	-20.21%	17.36%	15.73%	-30.81%	-6.31%	9.63%	8.28%
	Underwriting Profit plus Investment Income / Net Premium								
13	Liquid assets to liabilities ratio	NA	NA	NA	0.32	NA	NA	NA	0.24
	Liquid Assets of the Insurer / Policyholders' Liabilities								
14	Net earnings ratio	NA	NA	NA	11.68%	NA	NA	NA	12.45%
	Profit after Tax / Net Premium								
15	Return on net worth	NA	NA	NA	22.92%	NA	NA	NA	8.38%
	Profit After Tax / Net Worth								
16	Available Solvency Margin (ASM) to Required Solvency Margin (RSM)	NA	NA	NA	2.06	NA	NA	NA	1.76*
	ASM / RSM								
17	NPA ratio	NA	NA	NA	NA	NA	NA	NA	NA

\* For the purpose of calculating RSM, the Company has considered total of GWP, NWP, GLC and NIC of transferor company and transferee company. Had the Company considered the total GWP, NWP and NIC of transferee company only, the solvency of the Company would have been 4.93 times.

## Annexure -2

1a. Miscellaneous Breakup for the period ended March 31, 2018

Sr. No.	Particulars	Miscellaneous																
		Motor				Workmens Compensation	Public Liability	Product Liability	Enginee- ing	Aviation	Personal Accident	Health Insur- ance	Others				Total Miscel- lenous	
		Motor-OD	Motor-TP	Motor/De- clined Risk Pool	Motor Total								Other Liability	Home	Specialty	Weather/ Crop		Others
1	Gross premium growth rate Gross Premium for Current period / Gross Premium for Previous period	221.52%	213.13%	NA	218.05%	178.64%	151.97%	65.27%	195.73%	316.49%	372.19%	297.65%	434.34%	301.79%	843.73%	169.06%	298.64%	222.33%
2	Net retention ratio Net Premium / Gross Premium	74.73%	74.51%	NA	74.64%	94.24%	57.82%	22.64%	20.54%	27.30%	70.84%	56.81%	41.76%	67.37%	42.11%	17.75%	49.66%	49.97%
3	Net commission ratio Net Commission / Net Premium	13.35%	-5.22%	NA	5.80%	10.17%	13.60%	31.80%	46.21%	7.85%	-2.14%	-24.30%	14.30%	11.32%	16.88%	-52.95%	0.05%	-7.74%

Sr. No.	Particulars	Miscellaneous																
		Motor				Workmans Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others				Total Miscellaneous	
		Motor-OD	Motor-TP	Motor/Declined Risk Pool	Motor Total								Other Liability	Home	Specialty	Weather/Cop		Others
1	Gross premium growth rate Gross Premium for Current period / Gross Premium for Previous period	109.87%	201.99%	NA	140.19%	4.02%	-41.54%	NA	117.60%	NA	4373.18%	280.72%	NA	NA	965.98%	407.58%		
2	Net retention ratio Net Premium / Gross Premium	73.87%	74.46%	100.00%	74.15%	93.87%	102.24%	8.21%	15.53%	8.06%	69.33%	58.84%	20.72%	65.96%	32.89%	18.50%	39.44%	47.01%
3	Net commission ratio Net Commission / Net Premium	2.48%	-5.50%	NA	-0.84%	7.77%	2.05%	-27.18%	-60.45%	7.50%	-4.41%	-22.64%	7.84%	10.95%	3.35%	-66.81%	-5.25%	-15.40%

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

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS**

**Summary of Financial Statements**

**Annexure 3**

Sr. No.	Particulars	2017-18 (₹ '000)	2016-17 (₹ '000)	2015-16 (₹ '000)	2014-15 (₹ '000)	2013-14 (₹ '000)
	<b>OPERATING RESULTS</b>					
1	Gross Written Premium	74,011,117	22,524,054	4,825,612	3,443,512	2,696,665
2	Net Premium Income	34,554,756	9,991,352	3,646,100	2,559,879	1,971,085
3	Income from Investments (net)	4,814,513	1,732,409	322,435	258,168	187,910
4	Other Income (includes provision written back)	79,176	21,305	13,788	—	—
5	<b>Total Income</b>	<b>39,448,445</b>	<b>11,745,066</b>	<b>3,982,323</b>	<b>2,818,047</b>	<b>2,158,995</b>
6	Commission (net)	(2,684,241)	(1,524,143)	91,727	55,335	(14,665)
7	Operating Expenses	10,544,703	4,651,511	2,137,126	1,818,055	1,597,951
8	Premium Deficiency	—	—	—	—	(7,293)
9	Net Incurred Claims	22,266,806	7,697,974	2,226,520	1,476,499	1,524,988
10	Change in Unexpired Risk Reserve	4,609,759	100,332	667,769	498,521	190,791
11	<b>Operating Profit / (Loss)</b>	<b>4,711,418</b>	<b>819,392</b>	<b>(1,140,819)</b>	<b>(1,030,363)</b>	<b>(1,132,776)</b>
	<b>NON-OPERATING RESULTS</b>					
12	Total Income under shareholder's account	421,263	394,632	120,662	88,663	130,976
13	Profit / (Loss) before tax	5,132,681	1,214,024	(1,020,157)	(941,700)	(1,001,801)
14	Provision for tax	1,095,624	(30,070)	—	—	—
15	Profit / (Loss) after tax	4,037,057	1,244,094	(1,020,157)	(941,700)	(1,001,801)
	<b>MISCELLANEOUS</b>					
16	Policyholders' Account :					
	Total Funds	63,433,015	51,092,887	4,837,373	—	—
	Total Investments (Refer note 2 (p) and 10 of schedule 16)	63,433,015	51,092,887	4,837,373	—	—
	Yield on Investments	8.2%	6.2%	8.6%	0.0%	0.0%
17	Shareholders' Account :					
	Total Funds	17,611,118	14,848,389	1,419,859	1,590,016	1,281,715
	Total Investments (Refer note 2 (p) and 10 of schedule 16)	18,154,614	18,230,354	1,113,719	4,654,525	2,938,264
	Yield on Investments	8.2%	6.2%	8.6%	9.8%	10.7%
18	Paid up equity capital	6,050,718	6,004,659	7,050,000	6,200,000	4,950,000
19	Net worth	17,611,118	14,848,389	1,419,859	1,590,016	1,281,715
20	Total Assets	17,611,118	14,848,389	1,419,859	1,590,016	1,281,715
21	Yield on Total Investments	8.2%	6.2%	8.6%	9.8%	10.7%
22	Earnings per Share (Basic) (₹)	6.70	2.07	(1.59)	(1.72)	(2.27)
23	Book Value per Share (₹)	29.11	24.73	2.01	2.56	2.59
24	Total Dividend	1,210,144	—	—	—	—
25	Dividend per Share (₹)	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	Beyond 36 Months
Claims settled but not paid to the policyholders/insured's due to any reasons except under litigation from the insured/ policyholders	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Sum due to the insured/policyholders on maturity or otherwise	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Any excess collection of the premium/tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	1,191 (1,413)	- (84)	- (15)	84 (231)	15 (177)	231 (155)	138 (246)	723 (505)
Cheques issued but not encashed by the policyholder/insured (refer note below)	40,063 (48,860)	- (3,279)	4,081 (6,175)	2,585 (6,831)	3,008 (8,649)	3,940 (4,922)	6,777 (4,124)	19,672 (14,880)
- Premium								
- Claims - MACT	62,464 (68,076)	- (19,737)	23,883 (11,914)	13,677 (11,029)	5,168 (4,154)	6,760 (9,551)	1,259 (1,552)	11,717 (10,139)
- Claims - Non MACT	74,351 (90,854)	- (8,120)	19,773 (8,244)	5,183 (11,137)	2,595 (7,264)	5,889 (2,707)	3,201 (1,814)	37,710 (51,568)
<b>TOTAL</b>	<b>178,069</b> <b>(209,203)</b>	<b>-</b> <b>(31,220)</b>	<b>47,737</b> <b>(26,348)</b>	<b>21,529</b> <b>(29,228)</b>	<b>10,786</b> <b>(20,244)</b>	<b>16,820</b> <b>(17,335)</b>	<b>11,375</b> <b>(7,736)</b>	<b>69,822</b> <b>(77,092)</b>

**Note:** The Policy Holder due includes amount of ₹ 5,239 thousand pertaining to cheques reissued but not encashed by the policy holder/insured and excludes interest on Policy Holder Due of ₹ 16,497 thousand (Previous year ₹ 9,184 thousand)

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

(₹ '000)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Opening Balance</b>	<b>218,387</b>	17,642
Add: On Merger	—	172,876
Add : Amount transferred to unclaimed amount	<b>44,737</b>	101,095
Add : Cheques issued out of the unclaimed amount but not encashed by the policyholders (to be included when the cheques are stale)	<b>37,167</b>	—
Add: Investment Income on unclaimed Fund	<b>8,574</b>	3,224
Less: Amount unclaimed paid during the year	<b>119,688</b>	76,450
Less: Amount transferred to SCWF (net of claims paid in respect of amounts transferred earlier)	<b>2,848</b>	-
<b>Closing Balance of Unclaimed Amount</b>	<b>189,329</b>	218,387

Out of above Unclaimed Amount an amount of ₹ 143,412 thousand (Previous year ₹ 142,299 thousand) is placed in Fixed Deposit lying under Schedule 11 'CASH AND BANK BALANCES'

## Management Report

In accordance with Part IV Schedule B of the Insurance Regulatory and Development Authority (IRDA) (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, the Management submits the following Report:

1. We confirm the validity of Certificate of Registration granted by the Insurance Regulatory and Development Authority 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, 2018 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 Re-insurance 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 and the Indian Motor Pool Third Party Insurance Pool and Indian Motor Third Party Declined Risk Insurance Pool) during the preceding five years, please refer Annexure 1.  
b. For average claims settlement time during the preceding five years, please refer Annexure 2.
10. Details of payments to individuals, firms, Companies and organizations in which directors are interested during the year ended on March 31, 2018:

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	980,272
		GLAXOSMITHKLINE PHARMACEUTICALS LIMITED	Chairman	28,902
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Chairman	8,817
		THE INDIAN HOTELS COMPANY LIMITED	Director	2,823
		BREACH CANDY HOSPITAL TRUST	Additional Director	7,143
2	Mr. KEKI M. MISTRY	HDFC LIMITED	Vice Chairman and CEO	980,272
		HDFC BANK LIMITED	Director	2,556,727
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	8,817
		HCL TECHNOLOGIES	Director	35,324
		SUN PHARMACEUTICALS INDUSTRIES LIMITED	Director	2,041
		TORRENT POWER LIMITED	Director	2,519



## Management Report (Continued)

Sr. No.	Name of the Director	Entity in which Director is interested	Interested As	Payment during the year (₹ '000)
3	Mrs. RENU SUD KARNAD	HDFC LIMITED	Director	980,272
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	8,817
4	Mr. MEHERNOSH B. KAPADIA	EAST BOMBAY BHARAT SCOUTS AND GUIDES DISTRICT ASSOCIATION	Honorary Vice President On The District Council	30
5	Mr. BERNHARD STEINRUECKE	INDO - GERMAN CHAMBER OF COMMERCE	Director General	1,643
		ZODIAC CLOTHING LIMITED	Director	501

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

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

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

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

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

12. The Company has adopted a prudent investment policy with emphasis on optimizing return with minimum risk. Emphasis was towards low risk

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

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

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

i. The Company has adopted accounting policies and applied them consistently and made judgments and

## Management Report (Continued)

- 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, 2018 and of the operating profit for the year ended on that date.
- ii. The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938, (4 of 1938) as amended by Insurance Laws (Amendment) Act, 2015 / Companies Act, 1956, (1 of 1956)/ the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
  - iii. The financial statements of the Company have been prepared on a going concern basis.
  - iv. The Company's internal audit is conducted by an inhouse audit team and an appointed audit firm. The scope of work of internal audit is commensurate with the size and nature of the Company's business. The management has ensured that an internal audit system commensurate with the size and nature of business exists and is operating effectively.

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

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

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

**Renu Sud Karnad**  
Director  
(DIN: 00008064)

**Alexander Ankel**  
Director  
(DIN: 07798908)

**Theodoros Kokkalas**  
Director  
(DIN: 08093899)

**Bernhard Steinruecke**  
Independent Director  
(DIN: 01122939)

**Mehernosh B. Kapadia**  
Independent Director  
(DIN: 00046612)

**Arvind Mahajan**  
Independent Director  
(DIN: 07553144)

**Mukesh Kumar**  
Executive Director  
(DIN: 06864359)

**Anuj Tyagi**  
Executive Director  
(DIN: 07505313)

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

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

**Dayananda V. Shetty**  
Executive Vice President  
- Legal & Compliance  
and Company Secretary  
(Membership No.: FCS  
4638)

Mumbai,  
Dated: April 16, 2018.

## Annexure to Management Report

### Annexure 1

#### Details of ageing analysis of Gross Claims outstanding Outstanding as on 31.03.2018. (F. Y. 2017-18)

Outstanding as on 31.03.2018. (F. Y. 2017-18)																			(₹ '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	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	162,560	3,755	2,040,825	64	9,129	-	-	-	400	20	19,055	
1 year to 5 years	39	1,765,746	38	213,830	5	26,318	489	123,020	14,543	8,321,601	78	20,215	5	1,907	-	400	49	35,736	
5 years and above	1	141,282	1	44,403	-	4,184	-	-	2,866	1,214,447	1	100	-	400	1	64,221	9	19,221	
Total	543	6,427,487	1,251	625,494	17	43,552	13,446	1,110,650	26,174	13,854,123	334	56,107	8	3,507	1	65,021	108	97,951	

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather/Crop		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	621	56,511	3	1,503	1,235	219,528	3,651	253,983	5	831	5	3,500	687	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	5,285	5,789,619
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	45,759	12,251,000
5 years and above	-	66,097	2	340,378	-	-	-	-	-	-	50	367,575	-	-	-	285	2,931	2,264,574
<b>Total</b>	<b>1,165</b>	<b>670,621</b>	<b>50</b>	<b>748,488</b>	<b>1,835</b>	<b>507,694</b>	<b>4,978</b>	<b>556,447</b>	<b>18</b>	<b>8,891</b>	<b>186</b>	<b>704,018</b>	<b>1,751</b>	<b>1,006,489</b>	<b>321</b>	<b>369,195</b>	<b>92,186</b>	<b>26,855,734</b>

#### 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	755	-	-	2	65,521	3	21,209
<b>Total</b>	<b>551</b>	<b>6,877,736</b>	<b>1,157</b>	<b>674,898</b>	<b>14</b>	<b>100,887</b>	<b>12,325</b>	<b>1,095,119</b>	<b>25,711</b>	<b>10,233,617</b>	<b>553</b>	<b>85,039</b>	<b>15</b>	<b>6,277</b>	<b>6</b>	<b>67,921</b>	<b>132</b>	<b>164,649</b>

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	18,507	1,126	185,942	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
<b>Total</b>	<b>2,849</b>	<b>777,660</b>	<b>39</b>	<b>653,347</b>	<b>1,670</b>	<b>327,615</b>	<b>5,011</b>	<b>526,328</b>	<b>18</b>	<b>7,011</b>	<b>301</b>	<b>355,055</b>	<b>335</b>	<b>850,900</b>	<b>275</b>	<b>376,613</b>	<b>50,962</b>	<b>23,184,358</b>

## Annexure to Management Report (Continued)

### Outstanding as on 31.03.2016 (F. Y. 2015-16)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmen Compensation		Public Liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	38	93,798	25	5,873	-	-	1,243	82,823	147	62,421	14	1,134	-	-	-	-	2	305
31 days to 6 months	98	246,817	47	17,858	-	-	949	134,236	473	191,914	26	5,768	-	-	-	-	-	-
6 months to 1 year	44	124,562	18	21,948	-	-	126	21,010	459	170,952	1	709	-	-	-	-	-	-
1 year to 5 years	5	167,264	16	24,960	-	-	45	17,135	1,160	468,837	1	251	-	-	-	-	-	1,990
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>185</b>	<b>632,441</b>	<b>106</b>	<b>70,639</b>	<b>-</b>	<b>-</b>	<b>2,363</b>	<b>255,203</b>	<b>2,239</b>	<b>894,124</b>	<b>42</b>	<b>7,862</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2,294</b>

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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>91</b>	<b>256,955</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>8,776</b>	<b>494</b>	<b>33,096</b>	<b>6</b>	<b>239</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33</b>	<b>70,104</b>	<b>5,599</b>	<b>2,231,733</b>

### Outstanding as on 31.03.2015 (F. Y. 2014-15)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmen Compensation		Public Liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	24	7,827	43	62,295	-	-	662	69,529	41	11,340	12	1,963	-	-	-	-	3	194
31 days to 6 months	77	205,494	59	24,207	-	-	344	57,099	247	61,814	28	6,444	-	-	-	-	1	59
6 months to 1 year	40	279,234	41	10,020	-	-	96	21,275	311	73,654	19	6,682	-	-	-	-	2	373
1 year to 5 years	8	124,298	7	17,126	-	-	36	17,126	898	213,177	6	3,893	-	-	-	-	-	1,982
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>149</b>	<b>616,852</b>	<b>150</b>	<b>113,648</b>	<b>-</b>	<b>-</b>	<b>1,138</b>	<b>165,029</b>	<b>1,497</b>	<b>359,986</b>	<b>65</b>	<b>18,982</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>2,608</b>

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather/Crop		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	20	19,875	-	-	9	6,207	435	32,161	2	40	-	-	-	-	8	531	1,259	211,963
31 days to 6 months	64	91,290	-	-	19	8,629	93	5,116	2	241	-	-	-	-	27	6,511	961	466,903
6 months to 1 year	45	99,993	-	-	1	1,500	-	-	1	-	-	-	-	-	8	2,921	564	495,651
1 year to 5 years	20	78,156	-	-	-	-	-	-	2	126	-	-	-	-	4	10,994	981	466,879
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>149</b>	<b>289,314</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>16,336</b>	<b>528</b>	<b>37,277</b>	<b>7</b>	<b>407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>20,957</b>	<b>3,765</b>	<b>1,641,396</b>

## Annexure to Management Report (Continued)

### Outstanding as on 31.03.2014 (F. Y. 2013-14)

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	18	49,651	24	2,937	-	-	459	43,985	45	10,177	9	2,265	-	-	-	-	-	-
31 days to 6 months	60	455,030	112	27,842	-	-	302	56,260	268	55,699	27	9,546	-	-	-	-	1	582
6 months to 1 year	29	41,645	37	5,423	-	-	56	22,302	315	78,087	10	4,198	-	-	-	-	1	1,035
1 year to 5 years	7	43,434	6	17,684	-	-	21	15,993	463	133,749	3	1,011	-	-	-	-	-	1,445
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>114</b>	<b>289,760</b>	<b>179</b>	<b>53,885</b>	<b>-</b>	<b>-</b>	<b>838</b>	<b>138,539</b>	<b>1,091</b>	<b>277,712</b>	<b>49</b>	<b>17,020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>3,062</b>

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	29	20,351	-	-	10	670	408	41,101	6	129	-	-	-	-	16	1,214	1,024	172,480
31 days to 6 months	80	62,765	-	-	14	1,655	214	20,880	11	202	-	-	-	-	54	6,450	1,143	396,911
6 months to 1 year	33	67,990	-	-	-	-	-	-	-	-	-	-	-	-	28	11,677	509	232,358
1 year to 5 years	5	33,447	-	-	-	-	-	-	-	-	-	-	-	-	1	11,390	506	258,151
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>147</b>	<b>184,554</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>2,325</b>	<b>622</b>	<b>61,981</b>	<b>17</b>	<b>331</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99</b>	<b>30,732</b>	<b>3,182</b>	<b>1,059,901</b>

## Annexure to Management Report (Continued)

### Annexure - 2

#### Details of Average Claims Settlement Time

Line of Business	F.Y 2017-18		F.Y 2016-17		F.Y 2015-16		F.Y 2014-15		F.Y 2013-14	
	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	1,645	114	920	245	693	111	318	169	217	175
Marine Cargo	12,882	44	3,742	139	492	123	400	158	387	130
Marine Hull	12	245	3	128	-	-	-	-	-	-
Motor OD	274,597	21	98,738	50	35,030	31	20,111	36	12,107	37
Motor TP	8,020	557	3,196	1,014	494	551	276	478	212	288
Workmens Compensation	123	212	133	337	188	160	120	212	88	216
Public liability	-	-	-	-	-	-	-	-	-	-
Product Liability	-	-	-	-	-	-	-	-	-	-
Other Liabilities	15	281	4	408	10	138	5	269	3	216
Engineering	14,409	30	2,013	304	253	223	265	223	318	155
Aviation	1	168	1	184	-	-	-	-	-	-
Personal Accident	8,406	24	2,160	44	253	18	195	19	108	27
Health	93,388	21	24,480	39	7,607	19	6,815	22	9,640	18
Home	30	111	43	217	32	57	93	54	22	134
Specialty	7	284	2	580	-	-	-	-	-	-
Weather/Crop	61,108	3	3,170	11	-	-	-	-	-	-
Others	7,335	10	1,383	112	202	94	228	176	163	134
<b>Total</b>	<b>481,978</b>		<b>139,988</b>		<b>45,254</b>		<b>28,826</b>		<b>23,265</b>	

## 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	HDFC ERGO General Insurance Company Limited (IRDAI Regn. No. 146)
7	Claim	Request to an Insurance Company for payment in respect of loss or damage covered by an insurance policy.
8	Co-insurance	Sharing of the same risk by multiple insurance companies.
9	Combined Ratio	Incurred Claims Ratio plus Expense Ratio.
10	Commission paid	Amount paid to intermediaries for acquiring business.
11	Deferred Tax Asset	An asset that is used to represent lower amount of tax that a company will have to pay in a later tax period.
12	Deferred Tax Liability	A tax liability that a company owes and does not pay at the current point, although it will be responsible for paying it in a later tax period.
13	EPS	Earning Per Share (EPS) is arrived at by dividing Net Profit After Tax by the weighted average number of shares.
14	Expense ratio	Expense ratio is a proportion of the sum of all expenses (acquisition & operating) and net commission received on reinsurance to net written premium expressed as a percentage.
15	Fair Value Change Account	It represents unrealized gains or losses at the end of the period with respect to listed equity securities, derivative instruments and Mutual Fund investments.
16	Gross Written Premium (GWP)	Gross Written Premium is the sum of gross direct premium and the reinsurance premium accepted.
17	Incurred But Not Reported (IBNR)	A reserve created by insurer and certified by an Actuary to cover the estimated cost of losses that might have incurred but not yet reported.
18	Incurred But Not Enough Reported (IBNER)	Losses that might have incurred but have not yet been enough reported.
19	Incurred Claims	It is claims paid during the period plus the change in outstanding claims at the end of the period versus at the beginning of the period.
20	Incurred Claims Ratio	Proportion of incurred claims to premiums earned during a period.






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	A means by which a reinsurer agrees to indemnify an insurer, (the cedant) against all or part of the loss that the latter may sustain under the original policy or policies it has issued.
33	Retention	The amount of risk retained by the insurer on its own account.
34	Solvency Margin	A ratio of Available Solvency Margin (ASM)/ Required Solvency Margin (RSM) (calculated as per IRDAI guidelines).
35	Transferor Company	Erstwhile HDFC ERGO General Insurance Company Limited (IRDAI Regn No. 125)
36	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.
37	Treaty Reinsurance	Under a Reinsurance Treaty, the cedant agrees to offer and the reinsurer agrees to accept all risks of a defined class. This enables the cedant to grant immediate cover for risks without first seeking the reinsurer's consent.
38	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.
39	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

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li> Casualty Lines           <ul style="list-style-type: none"> <li>▪ Product Liability</li> <li>▪ Public Liability and Public Liability Act</li> <li>▪ Errors and Omission (Tech)</li> <li>▪ Commercial General Liability</li> <li>▪ Workmen's Compensation Insurance</li> <li>▪ Professional Indemnity</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li> Financial Lines           <ul style="list-style-type: none"> <li>▪ Directors and Officers Liability</li> <li>▪ Venture Capital Asset Protection</li> <li>▪ Employment Practices Liability</li> <li>▪ Multimedia Liability Insurance</li> <li>▪ Commercial Crime Insurance</li> </ul> </li> </ul> |
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#### Engineering Insurance

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





#### Marine Cargo Products

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

#### Property Insurance

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

#### Accident and Health Insurance

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

# Customer Testimonials

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## Ajit Vasant Bellare

Travel Insurance Customer  
Policy No. 2919100319496700

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The overall experience was so good. I purchased my Travel Insurance online and all the documents were promptly delivered by email without any hassle. The Customer Service Manager gave me complete details even on the phone call.

## Swaminathan

Health Insurance Customer  
Policy No. 2864201575276000

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The claim procedure was simple and settlement was efficient, easy and hassle free. Informed the Agent about it and suggested that he recommend HDFC ERGO General Insurance to friends. Thanks a lot.

## Shrinath Suresh Komti

Health Insurance Customer  
Policy No. 2952200758259500

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The service provided for the claim settlement was above my expectations. I was really happy the way the settlement process was carried out.

## Vishal Sathish

Motor Insurance Customer  
Policy No. 2311200347958405000

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The entire claim process from claim registration to its settlement was extremely easy and customer friendly. The Motor Insurance Claims team had arranged for a surveyor within an hour's time and simultaneously had arranged for cashless confirmation.

I would like to thank team HDFC ERGO for timely and professional response.

## Pradeep Lokhande

Motor Insurance Customer  
Policy No. 2311201801952800000

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It was great to interact with the team regarding our motor claim. I am very thankful for timely updates. There was complete transparency and clarity from the surveyor's end. The faster claim settlement really was great and I will definitely recommend my friends and family.



## Pravin Gupta

Motor Insurance Customer  
Policy No. 2311100243385400000

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My car had got damaged from rear side due to an accident which was reported to HDFC ERGO. Within half an hour, my car was registered for survey. Thorough survey was carried out within one hour of the car reaching the non-network garage. The service provided by the company remarkable and beyond my expectations. I would recommend HDFC ERGO for their efficient services.

## Kantibhai N Patel

Motor Insurance Customer  
Policy No. 2311201820093900000

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I am really happy to have purchased a Motor Insurance policy. I dropped my vehicle in the nearest cashless garage and within one hour of registering the claim the surveyor was assigned. The surveyor had given me knowledge about the policy and the repairing.

I recommend it to all my friends and family.

## Nilesh

Motor Insurance Customer  
Policy No. 2311201820093900000

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I would like to thank the company for the excellent and speedy service. I sincerely appreciate you for understanding my current situation post accident and helping me in all possible manner to close the total loss transaction in a very professional manner.

I would recommend a Motor Insurance Policy to anyone who needs prompt service.

## Adv. Thresiamma G. Mathew

Motor Insurance Customer  
Policy No. 2311201316848301001

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Thank you very much for your assistance in settling my car insurance claim. From the time of intimation to dispersal of payment the team was very responsive.

The customer service was quick and very precise.

Great experience!

# Awards and Recognitions

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## HDFC ERGO General Insurance Company Limited

(Formerly HDFC General Insurance Limited from Sept, 14, 2016 and L&T General Insurance Company Limited upto Sept, 13, 2016)

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

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

Tel.: +91 22 6638 3600 | Fax: +91 22 6638 3699 | [care@hdfcergo.com](mailto:care@hdfcergo.com) | [www.hdfcergo.com](http://www.hdfcergo.com).

CIN: U66030MH2007PLC177117. IRDAI Reg No. 146.

