



DIGITAL SENSE  
**HUMAN TOUCH**

ANNUAL  
REPORT  

---

FY23



**MAGM**

---

**General Insurance**

# INDEX

---

Human Touch, Digital Sense	2
Corporate Vision, Mission & Values	3
Celebrating a Decade of Growth & Excellence	5
The Foundation Stones	7
Product Suite	9
Company Information	11
Key Highlights	12
Managing Director & CEO's Message	14
Board of Directors	16
Board's Report	18
Report on Corporate Governance	43
Management Report	54
Independent Auditors' Report	57
Audited Financial Statements	65
Glossary	118



# Human Touch, Digital Sense

In today's digital age, technology has revolutionized the way we interact with products and services across various industries. From shopping and banking to social media and entertainment, digitalization has become an integral part of our lives. The insurance sector is no exception, as it has embraced technology to enhance user experiences, streamline processes, and provide convenient services. However, amidst this digital transformation, the insurance industry continues to rely on the foundation of trust. This reliance on trust of consumers makes the human touch important for insurers.

In the decade of our existence as an organization, we at Magma HDI firmly believe that technology and the human touch must go hand in hand. This belief has inspired the choice of theme 'Human touch, Digital sense' for the fourth consecutive year in our annual report.

Our commitment to both technology and people has been evident throughout the year in FY23. We have made significant strides in strengthening our organization from a technology and people perspective.

Through the seamless integration of technology and human expertise, we are confident in our ability to deliver exceptional value to our stakeholders, thus positioning us for sustainable growth in the future.

“

People are at the heart of our success as an organization. We believe in investing in our people, empowering, and enabling them to thrive in a rapidly evolving industry. By nurturing a culture of continuous learning, collaboration, and personal growth, we create an environment where our employees can excel, and our customers can experience the true meaning of the human touch.

**Priyal Ghosh**  
- Chief Human Resource Officer

“

Our strategic technology efforts today are laying a robust foundation for tomorrow's success. We are building a future-ready framework that enables us to deliver seamless experiences, enhance operational efficiency, and stay ahead in the dynamic landscape of the insurance industry.

**Amit Thapliyal**  
- Chief Technology Officer

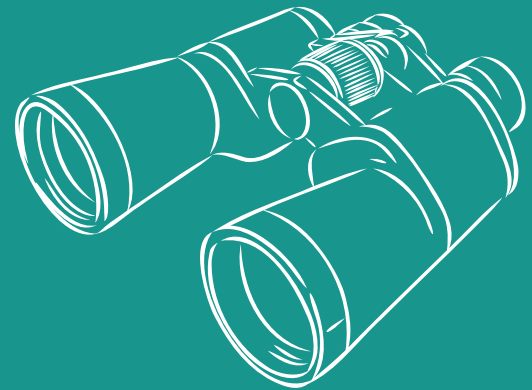


# Corporate Vision, Mission and Values

Dedication to the brand philosophy 'Truth Must Be Told' is a differentiating factor in the face of competition. We consistently work towards bringing customer satisfaction by maintaining transparency, honesty and integrity in our dealings. We deliver what we promise and strive to live by it solemnly.

## Vision

To be the most preferred, vibrant, and responsible general insurance company, fulfilling the aspirations of all its stakeholders.



The company will strive to understand the insurance needs of the consumers and translate it into affordable products that deliver value for money.

## Mission

# Values

## Openness and Transparency

- Always strive for clarity in communication & encourage free flow of information
- Be pro-active & look to learn from the best

## Integrity and Credibility

- Always be fair, just, and right
- Deliver on your commitments & maintain consistency in dealings

## Fairness and Impartiality

- Always treat everyone as equals
- Fairness should be the bedrock of our dealings with all stakeholders

## Trust and Respect for People

- Always have confidence & faith in self & team members
- Show empathy while dealing with colleagues, partners & customers

## Demanding Excellence

- Always strive to surpass expectations
- Set targets & timelines & then overachieve them



# Celebrating a Decade of Growth & Excellence

The year 2023 holds a special significance for all of us at Magma HDI. It was exactly a decade ago that the seeds of Magma HDI were sown. And what started out as a venture in 2012, has today grown into a legacy. Starting from Eastern India, we proudly stand as a prominent player in the insurance industry present across the country.

To mark this milestone, we organized a celebratory event at our headquarters where our employees from across the branches joined in digitally. Inspired from the perfection we thrived for in our decade long journey, the theme for the celebration was 'Perfect 10'. We also launched a coffee table book with the same theme to serve as a tribute to the collective efforts of all our stakeholders.

As we embark on the next phase of our growth, we remain committed to charting new territories, exploring emerging opportunities, and continuing our mission of protecting and securing the dreams of our customers.

## Perfect 10 years later, we stand stronger than ever before



Glimpses from our 10<sup>th</sup> Anniversary celebrations



# The Foundation Stones

## Regulatory tail winds

As we strive towards the Government of India's goal of **"Insurance for All by 2047"**, the Insurance Regulatory & Development Authority of India (IRDAI) under the leadership of the new chairman has undertaken several significant measures to reshape the insurance industry landscape.

To promote insurance awareness and outreach, IRDAI has launched a commendable initiative by making each insurance company adopt one state. This strategic move will foster a deeper understanding of the unique insurance needs of different regions, enabling us to tailor our products and services accordingly. The Company has been entrusted with spreading insurance awareness in Kerala and we aim to enhance insurance penetration and educate the citizens about the importance of insurance.

The regulatory shift towards principle-based regulations is a progressive step aimed at facilitating ease of doing business. By transitioning from rule-based regulations to principle-based regulations, IRDAI intends to reduce the compliance burden on insurers. This transition has been exemplified by the shift from the "File and Use" system to the "Use and File" system, resulting in reduced compliance costs, encouraging innovation within the industry.

Underpinning this transition, IRDAI has placed a strong emphasis on adopting fair market practices and safeguarding the interests of Policyholders. The regulator has intensified its efforts to curb mis-selling practices, adherence to ethical sales practices. Furthermore, IRDAI has taken on the responsibility of overseeing pricing, ensuring that insurers offer competitive and fair pricing to customers.

The growth of the distribution network has been another focal point for IRDAI. By allowing insurance companies to have tie-ups with nine banking partners, the regulator has expanded the avenues for insurance product distribution. Additionally, the introduction of Bima Vahak, a women-centric insurance distribution channel drawing members from self-help groups, teachers, and anganwadi workers, further strengthens the outreach and inclusivity of insurance products.

To enhance customer convenience, IRDAI has been preparing to launch Bima Sugam, a platform dedicated to servicing and settlement of claims. This innovative platform empowers customers to access their insurance policies and make claims through a single point, simplifying the entire insurance process. Additionally, the introduction of Bima Vistaar, a social safety net product targeting untapped geographies, demonstrates IRDAI's commitment to reaching underprivileged segments of society.

IRDAI has also taken significant steps towards ensuring the efficient use of capital within the insurance industry. The new expense of management regulations and easing of norms for raising capital will enable insurers to optimize their capital utilization. Moreover, allowing private equity funds to invest, creates opportunities for diversification and growth.

While the above are welcome moves, Magma HDI General Insurance Company Limited has been advocating a pivotal change in accounting practices. We believe that aligning revenue and expenses accounting will revolutionize the Indian insurance industry. This modification will bring congruence in financial reporting and help achieve profitability and generate greater investor interest.



## Managing shareholder transition

FY23 ended on a strong note. Mr. Adar Poonawalla-owned Sanoti Properties became 61.6% stakeholder after receiving approvals from the regulator on transactions. It portends well for the Company's future and reconfirms the faith in the current Magma HDI team.

The transition of ownership has been smooth. The Company has benefited not only from an access to capital, but improved market recognition too. We continue to be a Board led, professionally managed company, as before. The trust and faith reposed on the management team by Sanoti Properties LLP will ensure continued commitment to customer satisfaction and excellence in business management.

Our transparent communication, proactive engagement initiatives, and continuous support have fostered an environment of trust, ensuring that employees remain motivated and committed to the organization's goals. It is truly gratifying to witness our unwavering dedication to our valued employees, as we have once again navigated through this transition without any workforce reductions, much like the resilient approach we embraced during the COVID-19 slowdown.

## Responsible growth

Responsible growth has always been our guiding principle and we have been updating the shareholders about the steps that we continue to take to make our growth wholesome. That is, a balanced approach to risk management, underwriting discipline, and maintaining healthy solvency position. This has enabled us to navigate through challenges and volatility in the insurance landscape while ensuring the long-term sustainability and financial soundness of our operations.

While Magma HDI commenced its operations with a focus on the Motor business, leveraging our then parent's depth in this segment, the importance of product, channel and market diversification was never lost. This diversification has been a key theme for the last 5 years.



We have undertaken a conscious effort to expand our distribution channels. This strategic move has not only enhanced our market presence but has also contributed significantly to our revenue growth.



One notable area of expansion has been in the retail health segment. Recognizing the growing importance of health coverage and the evolving needs of individuals and families, we have intensified our focus in this segment.



Simultaneously, we have also made significant inroads into the corporate business segment. By catering to the insurance needs of businesses, we have strengthened our foothold in this large market.



Leveraging our presence in various OEM programs, we have focused on achieving a balanced portfolio by deeper penetration in profitable segments. Our OEM segment alone has grown 56.5% vis-à-vis last year.



The above initiatives will help us manage business diversity and profitability and reduce dependence on the motor business which still holds the lion's share in our portfolio. This targeted approach has allowed us to optimize our resources and concentrate on areas with higher potential for growth and profitability.

## Strengthening the foundation

As we embark on our next phase of growth to a scaled and diversified business, it was imperative to baseline our infrastructure to ensure we are capacitated to cater to a scaled operations. Accordingly, we embarked on a long-term journey to strengthen our IT systems, physical infrastructure, governing policies, and vendor management. In the first year of this transition, we have already made significant progress, below are some highlights:

### Information Technology

We have successfully migrated Magma HDI's network to Oracle cloud, providing a robust and secure infrastructure for our operations. Additionally, we adopted an Enterprise Resource Planning (ERP) system for finance, branded 'MagFin'. This implementation enhances our financial management capabilities and streamlines processes. We also launched 'De-Risk', a risk tracking and management tool that empowers us to proactively manage risks across our operations. To improve customer experience, we introduced E-KYC functionality and made enhancements to our agent portal.

### Physical Infrastructure

In line with our commitment to provide a conducive work environment, we shifted to a new state-of-the-art head office near the central business district of Bandra Kurla Complex in Mumbai. This modern office space, spanning 20,600 sq ft, was inaugurated by Mr. Adar Poonawalla. It offers world-class telecommunication and seating infrastructure, fostering collaboration and efficiency. Furthermore, we also have 100 independent branches enhancing accessibility and convenience for our customers.



### HR and Learning & Development

We recognize that employees are our most valuable assets and have invested significantly in people and HR initiatives. As part of our commitment to creating a supportive work environment, we have undertaken a comprehensive revamp exercise across various policies. This includes policies related to employee welfare, holidays and leaves, employee assessment, and travel. The revamped framework ensures consistency, transparency, thereby aligning with industry best practices.

Benefits such as Birthday leave, where employees can take an off on their special day; sick leave donation option that allows employees to donate accrued sick leave to their colleagues to tide over medical emergencies are welcome addition to the list of employee benefits. The latter is a wonderful way for our employees to support and care for each other, fostering a sense of unity and compassion.

We have re-energised the Learning & Development vertical which focuses on training programs tailored to meet the needs of our employees at different stages of their employment. A slew of initiatives have been launched including 'Headstart', an eight-day training program designed for every new employee, 'SkillUp' a follow up program for employees post joining, Learning Café for skills enhancement, and 'Claims Masterclass' for providing high quality experiential learning at workshops for our frontline motor claims team.

We are already witnessing the impact both in terms of performance of trainees and their affinity for the organization. Claims masterclass has led to a rise in productivity. Our employee referral program helped us get more than 40% of the new recruits. Internal job posting (IJP), which enables employees to enhance/change their job profiles, is finding many takers.

As we reflect on the accomplishments of the past fiscal, we remain committed to upholding the highest standards of professionalism and service excellence. Our focus on strengthening the foundation of Magma HDI has laid a solid groundwork for future growth and success. We are confident that our efforts will yield long-term benefits for our shareholders, customers, and employees.



# Product Suite

Our product suite displays a comprehensive mix of general insurance product solutions for individuals and corporates both.

## Retail

Products under this category include motor, health, personal accident and home insurance. Motor insurance continues to dominate our portfolio with a 71.9% share of the business, whereas health is at about 9.7%. With a deeper focus on the health vertical, we have seen a remarkable growth of 181% in our business from group health insurance in FY23 and this is just the beginning. Within health, we have Retail Indemnity, Group Indemnity, Group Personal Accident products. The Company’s focus is to expand the health line of products for which the Company has forayed into specialized Health products for Senior Citizen and no-frills Super Top Up. State-of-the-art health products (our flagship health insurance ‘One Health’ has been in the Top 5 for Mint publication’s ratings thrice since its launch in 2017).

The health insurance market is largely untapped, indicating an evident boom in the health space. Moreover, the recent pandemic has fueled the demand for health insurance across all strata of society and we are set to scale up our health business with ample preparedness.

## Commercial

Our commercial line of business has witnessed consistent growth, and constitutes 18.4% of the total business. We have a wide range of products to cater to the insurance requirement of corporate segment in various product lines including Property, Engineering, Marine, Liability and Miscellaneous. We consistently revisit our existing products for any revisions in order to match the dynamic market requirements. We also engage in new product development pertaining to various customer segments to reaffirm our inventive approach. We recently revised our product offering in Engineering line of business and introduced new products such as Business Protect Policy (Laghu Udhyaam) to address the needs of Small and Medium Enterprises.

In addition, our top-tier reinsurance panel facilitates underwriting capabilities thus ensuring consistent growth.

Magma HDI has attained customer service excellence by servicing global clients and meeting their nuanced needs. We continue to service a mature market by ensuring our services align with different customer demands.

Our products have a seamless purchase-to-claim delivery that operates with complete transparency. With a human touch and digital sense, we aim to always stay one step ahead when it comes to our product delivery.

We offer more than 80 products with various add-ons to corporate and retail clients. A glimpse of our products under various lines:

Retail	Corporate
Health	Property
Private Car	Engineering
Two-Wheeler	Marine
Commercial Vehicle	Liability
Personal Accident	Group Health
Householder’s Package	Group Accident
Shopkeeper’s Package	Miscellaneous

# Recognition & Awards



**Customer Centricity Award of the Year**  
- BFSI & Fintech Conclave Award



**Best use of RPA in Insurance**  
- BFSI Leadership Awards



**Technology Champion of the Year (GI)**  
- BFSI Leadership Awards



**Insurtech Company of the Year**  
- BFSI Leadership Awards



**Managing Pandemic by Operations**  
- Digital Transformation (DX) Awards



**Insurance Initiative of the Year**  
- Insurance Asia Awards



**Best Use of Innovation to Enhance  
Customer Experience**  
- CX Excellence Awards



**Disruptive Technology Innovation  
Award (Insurance)**  
- Technology Excellence Awards



**Best Use of RPA in Insurance**  
- 3<sup>rd</sup> Annual BFSI Technology  
Excellence Awards

# Company Information

## Board of Directors

### Mr. Sanjay Chamria

Chairman, Non-Executive Director

### Mr. Jens Holger Wohlthat

Vice Chairman, Non-Executive Director

### Mr. Mayank Poddar

Non-Executive Director

### Mr. Kailash Nath Bhandari

Non-Executive Independent Director

### Mr. Sunil Mitra

Non-Executive Independent Director

### Mr. V. K. Viswanathan

Non-Executive Independent Director

### Ms. Sandhya Gadkari Sharma

Non-Executive Independent Director (w.e.f. 08 November 2022)

### Mr. Rajive Kumaraswami

Managing Director & CEO

## Joint Statutory Auditors

### M/s. Singhi & Co.

Chartered Accountants

B2, 402B, Marathon Innova, 4th Floor,  
Off Ganpatrao Kadam Marg, Lower Parel,  
Mumbai – 400 013

### M/s. M S K A & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,  
Geetanjali, Railway Colony, Ram Nagar, Goregaon (E),  
Mumbai – 400 099

## Secretarial Auditor

### M/s. Vinod Kothari & Company

Practising Company Secretaries

1006-1009, Krishna Building,  
224 A.J.C. Bose Road,  
Kolkata – 700 017

## Key Management Persons

### Mr. Vikas Mittal

Deputy Chief Executive Officer

### Mr. Amit Bhandari

Chief Technical Officer & Chief Risk Officer\* (\*up to 31 December 2022)

### Mr. Gaurav Parasrampurua

Chief Financial Officer

### Mr. Shivendra Tripathi

Appointed Actuary

### Mr. Amit Loya

Chief Internal Auditor

### Mr. Jinesh M. Shah

Chief Investment Officer

### Mr. Priyalal Ghosh

Chief Human Resource Officer

### Ms. Sweta Bharucha

Company Secretary (w.e.f. 29 April 2022)

### Mr. Amit S. Thapliyal

Chief Technology Officer (w.e.f. 26 September 2022)

### Mr. Anil Agrawal

Head Legal and Chief Compliance Officer (up to 03 December 2022)

### Mr. L. Chakradhar L Rao

Compliance Officer (w.e.f. 05 December 2022)

### Mr. Kishore T. Khanchandani

Chief Risk Officer (w.e.f. 01 January 2023)

## Primary Bankers

Axis Bank

HDFC Bank

HSBC Bank

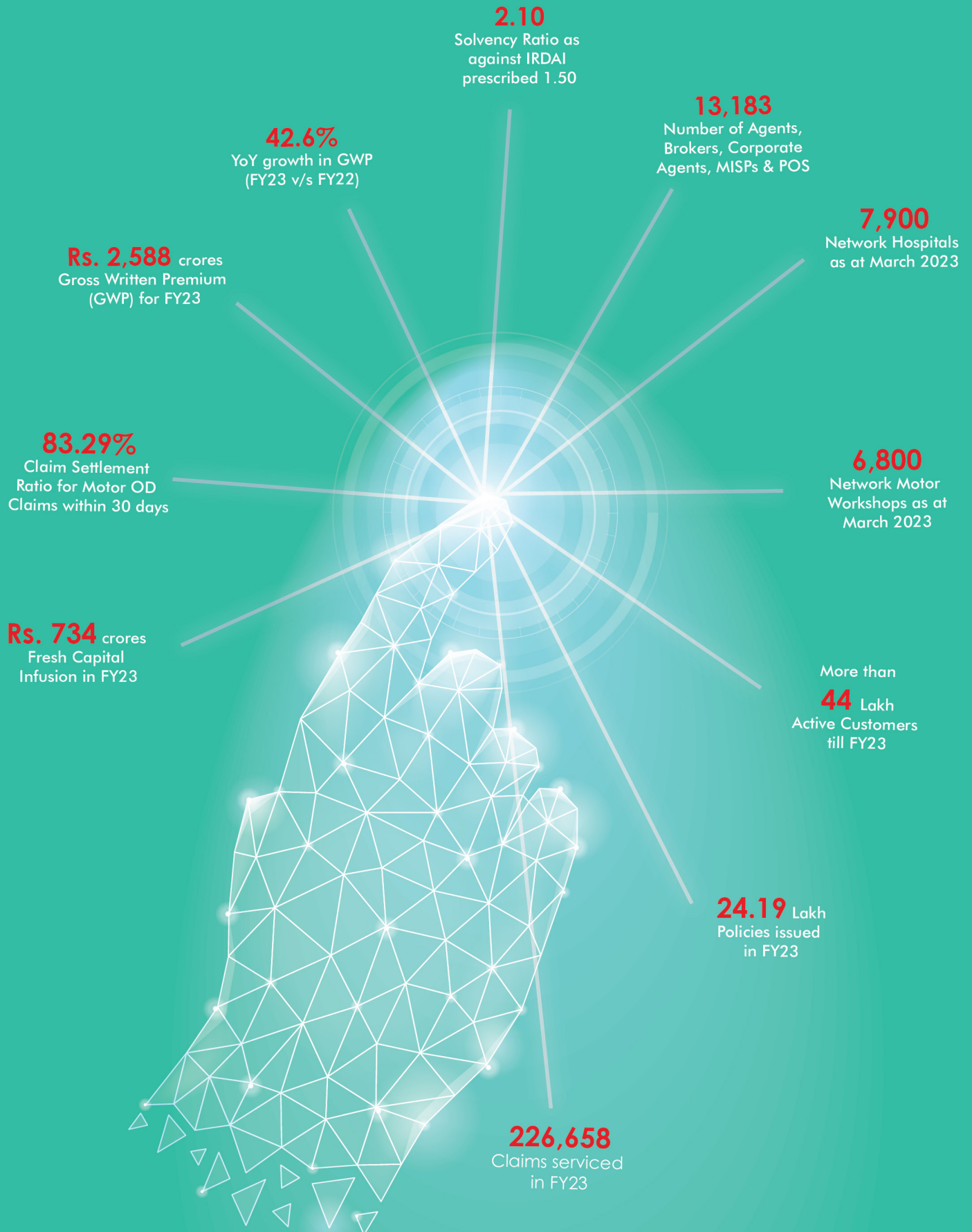
ICICI Bank

State Bank of India

United Bank of India



# Key Highlights





TRUTH **MUST** BE T



# Managing Director & CEO's Message

**Dear Stakeholders,**

FY23 was a remarkable year for India in many terms. After two years of on & off COVID-19 related disruption, we had first full year of unobstructed economic activity on account of one of the largest vaccination rollout and implementation program in recent times.

India continues to be projected as the fastest growing major economy by agencies worldwide despite major disturbances caused by COVID-19, Russia-Ukraine conflict and Policy rate hikes by Central Banks across economies. The Indian economy is expected to clock a 7.2% growth in FY23 against a growth of 8.7% in FY22. The Indian economic juggernaut is advancing at a robust pace creating a huge opportunity for all sectors to tap in. India's contribution to the global insurance industry stands at 1.9% making it 10<sup>th</sup> largest globally.

The non-life insurance industry collected premiums of Rs. 2.57 lakh crores in fiscal year 22-23 against Rs 2.21 lakh crores in the previous fiscal. All segments of the industry have shown an upward trend: Health grew at 21.3% on the back of heightened awareness of the need of health insurance, contributing to 38% of overall general insurance industry premiums. After two years of muted growth, the motor segment grew at 15.4% with a contribution of 32%, mainly due to double digit growth of 22.9% in new motor vehicle sales across industry and Third-Party premium price hike. The commercial segment grew at 14%, contributing 18% of total industry premiums. Within the commercial segment, Marine and Engineering grew better than the overall market at 21.4% & 20.2% respectively, followed by Liability and Fire at 16% and 11.1% respectively; Aviation growth was muted at 4.4%. The crop segment also grew by 8.7% and contributed 12% to the overall premium.

FY23 was the year when IRDAI released its vision of "Insurance for all by 2047" when India celebrates its 100 years of Independence. The new Chairman at IRDAI Shri. Debasish Panda is driving this agenda with a three-pronged approach of availability, accessibility and affordability. To ensure this the regulator is bringing in slew of changes with twin objectives of enhancing insurance penetration and easing the burden of compliance. The Chairman introduced many regulatory changes at a furious pace in various areas like Product Liberalization, Distribution reforms, Capital reforms, Single limit for Expenses of Management, e-Policy issuance, e-KYC, etc. The sector has undergone multiple refinements and as a result the non-life insurance industry grew by 16.4%, which is double than the economy's growth rate.

I am delighted to state that your Company grew at a rate much higher than the industry at 44.2% with the GDP increasing to Rs. 2,534 crores (GWP: Rs. 2,588 crores, growth 42.6%). The Company has underwritten 24.19 lakhs policies in the year, which is the highest by number of policies since inception of the Company. The Company has been able to grow the business due to its consistent focus on customers, partners,

**Rajive Kumaraswami**  
Managing Director & CEO



investments in process improvements and technology over the last few years. Today, our partners can experience the entire Policy lifecycle from purchase, servicing, claims intimation & settlement, and renewal in digital mode.

The Company has continued to invest in expanding its distribution network. As at 31 March 2023, the Company has 13,183 partners including Agents, Brokers, Corporate Agents, POS and MISPs with a large reach in Tier 2, 3 and 4 cities. During FY23, the Company has also entered into 4 new relationships with Motor manufacturers (including Electric Vehicle OEMs), through various intermediaries now totaling to 25 OEM tie-ups as at March 2023. The Company has already commenced business with four partners. We are also proud of having tied up with NBFCs, and cooperative banks during the year, further making inroads into the bancassurance space.

The company continued to further invest in the MSME channel and Health business. During the year, the success of the MSME channel along with other channels helped to increase health contribution from 6.2% in FY22 to 9.7% in the overall business.

During the year, the Company continued to make major strides in our journey of Human Touch, Digital Sense: our Motor OD Claims Team settled 97% of claims, with 86% being settled in-house. The Company assessed 56% of Motor OD claims through the video streaming application without any manual intervention and 98% of the surveys for Motor OD claims were done using digital means. We created end-to-end technology solutions for KYC based customer onboarding, deployed numerous robotic process automations for NCB Confirmation, MIS and Vendor Empanelment. We have successfully automated Accounts payable, Account recoverable, Assets Module, Lease accounting through Oracle Fusion which ensures better control and compliances in our Procure to Pay lifecycle. The company's complete Infrastructure and applications which were earlier hosted out of Physical Datacenters have been migrated on the cloud, which have increased and improved our systems availability and scalability. Risk Management and tracking has now been automated through De-Risk application which enables timely reviews and dashboards to identify and manage Risk. In the year, we were recognized for our Customer Servicing and Experience enhancing initiatives including "Best use of Innovation to Enhance Customer Experience – Insurance" by Quantic Business Media's event Customer Experience Excellence Awards 2022, "Insurance Initiative of the Year – India" in Insurance Asia Awards 2022 by Charlton Media Group, "Technology Champion of the Year (General Insurance)" by Krypton Business Media Pvt. Ltd in BFSI Leadership Awards, and "Managing Pandemic by Operations" in Digital Transformation (DX) Awards 2022 by Confederation of Indian Industry (CII), recognizing Best Practice in Digital.

I would like to present the snapshot of Company's financial performance for the year ended 31 March 2023, as below:

Particulars (Rs. in crore)	FY22	FY23
No. of Policies issued (count)	1,667,669	2,418,934
Gross Written Premium	1,815.18	2,588.29
Gross Direct Premium Income	1,757.17	2,534.12
Net earned premium	914.21	1,534.18
Income from Investments & other Income	232.97	301.69
Profit/(Loss) before tax	(16.56)	(287.35)
Profit/(Loss) after tax	(12.32)	(287.17)
Solvency Margin	1.76x	2.10x

During the year, the Company has increased its authorized share capital from Rs. 250 crores to Rs. 350 crores. Sanoti Properties LLP [held by Mr. Adar Poonawalla (90%) and Rising Sun Holdings Private Limited (10%)] has infused primary equity capital of Rs. 450 crores in May 2022 and acquired stakes held by Poonawalla Fincorp Ltd (earlier known as Magma Fincorp Ltd.) and Serum Institute of India Private Limited. In March 2023, Sanoti further infused Rs. 283.89 crores in the Company. As a result of the above transactions, the direct shareholding of Sanoti in the Company stands at 61.63%. The fresh capital not only enhances the solvency ratio of the company, but provides high quality, growth capital to the Company.

We are excited by the changes being ushered in the Insurance sector by the Regulator: Risk Based Capital, IFRS Accounting, Risk Based Solvency Framework, Risk Based Supervision, Account Aggregator, Bima Satark, Bima Bharosa, Bima Vahak, Bima Vistaar, Bima Sugam and many more. At the same time, competition in the marketplace is expected to intensify, with 20+ Life and non-Life Insurance License applications under process by the Regulator. While this will understandably intensify the war on talent, we are confident that with strong promoters, an experienced Board and an energetic management team, we will be able to grow the business and serve our stakeholders.

As a full-service general insurance company, we shall continue to focus on the retail product classes for individuals on one hand, and on corporate clients on the other. This gives us the granularity of a diversified book within a robust risk management framework. The Company shall continue to invest in growing the distribution franchise and keep investing in technology solutions, backed by a culture of quality, with a view to address the growing needs of various customer segments and changing market scenarios.

I would like to thank the customers, channel partners, service partners, vendors and employees of the Company and look forward to further strengthening the franchise over the years.

**Rajive Kumaraswami**  
Managing Director & CEO

# Board of Directors of the Company



## Sanjay Chamria

Non-Executive Chairman

Mr. Sanjay Chamria, the founder Chairman of the board is a first-generation entrepreneur who co-founded Magma Fincorp Limited in 1988 and later forged JV partnership with HDI Global SE, Germany in 2009 to set up Magma HDI. Mr. Chamria has been a well-recognized leader in India's finance industry, having made representations to the RBI, IRDAI, finance ministry and other government bodies on issues facing the BFSI sector while being on the board of Finance Industry Development Council (FIDC), FICCI & CII sub-committees.



## Jens Holger Wohlthat

Non-Executive Vice Chairman

Mr. Wohlthat represents the German promoters HDI Global SE. In 1980, he joined HDI-Gerling Industrie Versicherung AG, Hannover (HDI), Germany's third largest insurance group and has since served in various capacities in industrial liability, underwriting and international operations. In 2006, he was appointed Member of the Executive Board (Director) of HDI, responsible for international operations. Mr. Wohlthat has superannuated from HDI on 30 September 2022, however, continues to serve as the Nominee Director representing HDI interest.



## Mayank Poddar

Non-Executive Director

Mr. Mayank Poddar, is the man behind the brand "Celica". He is the visionary who envisioned the dramatic growth of the Indian economy, some four decades ago. Mr. Poddar is the Wholtime Director of Celica Developers Private Limited and holds Directorship in various other Companies/LLP's/Body Corporates. He has an experience of over 45 years in this field and he actively contributes to the policy formulation, provides overall guidance and support to other Directors as well as the management team in achieving corporate objectives. He also spearheads all the CSR objectives of the group.



## Kailash Nath Bhandari

Non-Executive Independent Director

A law graduate by education, Mr. Bhandari was the Chairman and Managing Director of New India Assurance Company Ltd and United India Assurance Company Ltd. He was a consultant to the World Bank before joining the Board of the company.



### Sunil Mitra

Non-Executive Independent Director

Mr. Mitra is a former IAS officer. He retired in June 2011 as the Revenue & Finance Secretary, Government of India, after an illustrious career of 36 years. During his tenure in the Ministry of Finance, he led the revenue teams in the formulation of the 2010-11 and 2011-12 Union Budgets and spearheaded several significant policy initiatives in public finance including a new disinvestment policy and taxation reforms. He has also worked for the West Bengal Government, where he led significant public policy reforms in the state-owned Public Sector Enterprises and the state's power sector.



### V K Viswanathan

Non-Executive Independent Director

Mr. Viswanathan is a commerce graduate from Madras University and a Chartered Accountant from the Institute of Chartered Accountants of India. He is the Chairman of the Board of Directors of Bosch Limited. Prior to this role, Mr. Viswanathan was the Managing Director of Bosch Limited and President, Bosch Group in India. He was the President of Indo-German Chamber of Commerce in 2012-13. He has also served as the Vice President of ACMA (Automotive Component Manufacturers' Association) and worked with Hindustan Unilever Ltd. in many senior positions.



### Sandhya Sharma

Non-Executive Independent Director

38 years of rich and varied professional experience with ICICI, ICICI Bank, and Mahindra & Mahindra Ltd. has made Sandhya Sharma an expert in different domains of finance like project appraisals, term lending, resolution of multi-partite stressed assets and NPAs, etc. She has represented ICICI as nominee Director on the Boards of several assisted companies. At Mahindra & Mahindra Ltd., she has served in Mergers & Acquisitions cell, handled corporate finance and investor relations, shaped Corporate Governance Structure, etc. She also has considerable experience in conducting investigations in PoSH and code of conduct violations in various capacities.



### Rajive Kumaraswami

Managing Director & CEO

A fellow member of the Institute of Chartered Accountants of India and an associate member of the Institute of Cost Accountants India, Rajive has 28 years of experience in the banking and finance sector. He has been associated with the insurance industry since it was opened to the private sector and has had exposure to various facets of the industry. He was the Head, Corporate Centre and Chief Risk Officer with a large private sector general insurance company and thereafter the Chief Representative of SCOR SE - India Liaison Office before joining Magma HDI General Insurance in June 2016.

# Board's Report

Dear Shareholders,

Your directors have pleasure in presenting the Fourteenth Annual Report of your Company together with the Audited Financial Statements of the Company for the financial year ended 31 March 2023. The summarized financial results are given below:

## FINANCIAL HIGHLIGHTS

(Rs. in crore)

Particulars	Year ended 31 Mar 2023	Year ended 31 Mar 2022	Growth
Gross Written Premium	2,588.29	1,815.18	42.6%
Net Written Premium	1,942.90	1,121.76	73.2%
Net Earned Premium	1,534.18	914.21	67.8%
Profit / (Loss) on sale / redemption of investments (Net)	6.46	22.75	(71.6%)
Interest, dividend and rent (Gross)	252.83	180.49	40.1%
Other Income	2.03	1.42	42.7%
Contribution from Shareholders Funds towards excess Expenses of Management (EoM)	251.34	89.58	
<b>Total (A)</b>	<b>2,046.84</b>	<b>1,208.46</b>	
Net Incurred Claims (including PDR)	1,114.21	627.56	77.6%
Net commission (income)/Expenses	76.06	(21.83)	448.4%
Operating Expenses	918.13	570.32	61.0%
<b>Total (B)</b>	<b>2,108.40</b>	<b>1,176.05</b>	
<b>Operating Profit/(Loss) (A-B)</b>	<b>(61.56)</b>	<b>32.41</b>	<b>(289.9%)</b>
Investment Income (Shareholders)	40.23	28.29	42.2%
Other Income (Shareholders)	0.14	0.01	
<b>Total (C)</b>	<b>(21.19)</b>	<b>60.71</b>	
Expenses other than those relating to Insurance business (Shareholders)	14.82	4.10	261.2%
Contribution from Shareholders Funds towards excess Expenses of Management (EoM)	251.34	89.58	
Write Off / Provision for diminution in value of investments	-	(16.21)	
<b>Total (D)</b>	<b>266.16</b>	<b>77.47</b>	
<b>Profit before tax (C-D)</b>	<b>(287.35)</b>	<b>(16.76)</b>	
Provision for Tax (including Deferred Tax and adjustment of earlier years)	(0.18)	(4.30)	
<b>Profit after Tax</b>	<b>(287.17)</b>	<b>(12.46)</b>	
Credit/ (Debit) Balance in P&L A/c at the end of the financial year	(312.34)	(25.17)	

## INDUSTRY OVERVIEW AND COMPANY PERFORMANCE

### 1) GENERAL INSURANCE INDUSTRY OVERVIEW

Overall Insurance market for FY23 stands at ~Rs. 6,27,000 crores out of which the General Insurance Sector contributed Rs. 256,900 crores. The General Insurance Industry has grown at a CAGR of 11.3% over 5 years with Private sector insurers having 51% market share and Public sector insurers contributing 32% in FY23. The Mono-line Health players & specialized insurers contribute the balance 10% and 7% respectively.

General Insurance industry has seen good growth of 16.4% in FY23 over FY22, after COVID-19 muted growth period of two years.



## COMPANY PERFORMANCE

(Rs. in crore)

Particulars	FY20	FY21	FY22	FY23	CAGR % (3 years)
Gross Direct Premium	1,224.77	1,283.59	1,757.17	2,534.12	27.4%
Net Written Premium	790.18	798.25	1,121.76	1,942.90	35.0%
Investment Income (including Shareholders share of income)	200.16	214.81	231.54	299.52	14.4%
Net Incurred Claims (including PDR)	597.46	606.63	627.56	1,114.21	23.1%
Operating Expenses	350.54	377.29	570.32	918.13	37.8%
Operating profit/(loss)	7.79	29.37	32.41	(61.56)	
Profit / (Loss) after tax	(6.01)	19.4	(12.46)	(287.17)	
<b>Total Investments</b>	<b>2,284.81</b>	<b>2,993.77</b>	<b>3,844.47</b>	<b>5,259.14</b>	<b>32.0%</b>

Gross Direct Premium (GDP) has registered a robust CAGR of 27.4% over 3 years since FY20. Operating Expenses have increased owing to rapid expansion in business with higher CAGR at 37.8% as compared to GDP. Investment book has increased at CAGR of 32.0%.

The Gross Direct Premium Income written by the Company during the FY23 is Rs. 2,534.12 crores (PY Rs. 1,757.17 crores). Motor segment has grown to Rs. 1,860.50 crores in FY23 (Rs. 1,316.02 crores in FY22).

During the year, motor continues to be the dominant portfolio for the Company with 71.9% (PY 72.5%) share of the portfolio whereas Commercial & Health has contributed 18.4% (PY 21.3%) & 9.7% (PY 6.2%) respectively. With progressive development of Health channel and various initiatives being taken in other channels to promote health insurance business, the Group health has grown at 181% from Rs. 68.86 crores last year to Rs. 193.26 crores in FY23, whereas Group Accident has grown at 100% from Rs. 3.81 crores to Rs. 7.62 crores in FY23. The same has resulted in an accelerating growth rate of 123% for overall Health and Accident business, which was Rs. 112.9 crores last year and have increased upto Rs. 251.9 crores in FY23. We added new Electrical Vehicle Original Equipment Manufacturers (OEM) to the existing OEM tie-ups and new NBFCs under Bancassurance tie-ups. The same have started gaining momentum and started contributing 34.8% in FY23 against 31.4% in FY22.

The Company uses technology to settle its Motor OD Claims. It settled 97% of the Motor OD claims in FY23 digitally. It has also enabled customers and workshop partners to do video streaming of damages and settle claims. It settled 56% of the claims using this tool, which obviated the need for our surveyors to go to the field.

## 2) DISTRIBUTION STRUCTURE

The Company has a multi-channel distribution strategy, cutting across geographies, products and customers. The Company continued its focus on product diversification, with major focus on developing our retail health channel. The Company has widened its channel partner base and has 13,183 partners, in the form of Agents, Brokers, Corporate Agents, Motor Insurance Service Providers (MISPs) & Points of Sale (POS). During FY23, the Company has also entered into 4 new OEM relationships (including Electric Vehicles), totaling to 25 OEM tie-ups as at March 2023.

## 3) UNDERWRITING

The Company has developed a balanced underwriting approach considering the size of its portfolio and the overall objective of the Company. The Company remains in a competitive environment where risk selection becomes extremely important as the pricing is more or less driven by market forces. The Company's underwriting is focused on appropriate risk selection based on the exposure and experience of the risk segments, quality of the risk etc. The Company under various lines of business has done risk segmentation based on the nature of the risk and categorized them as preferred, referral and decline segments for clarity to underwriting as well as distribution teams. While the target is to increase penetration in preferred segments, the Company realizes the business potential of other segments also and does prudent underwriting by following a more cautious approach in risks in referral category keeping its exposures suitable to its portfolio.

In retail lines comprising largely of Motor and Health, the underwriting strategy is to diversify the portfolio and to achieve a sufficiently large population of risks to reduce variability of the expected outcome within each of these categories. At the heart of business sits the data science driven disciplines of underwriting and claims handling. Every year, the Company seeks to move forward using modern techniques of analytics and IT capabilities as well as focus on skills and training.

FY23 was the first full year without any COVID-19 disruption after a break of two years. The overall Motor insurance business faced favorable tailwinds in FY23. Two years of pent-up demand and recovery of supply chains resulted in a double-digit growth in vehicle sales across all vehicle segments. Private cars registered a growth of 24.7% while commercial vehicles registered a 38.9% growth. Two wheelers at 1.63 crore vehicle sales, registered a growth of 21.4%, however this was significantly behind its pre-COVID high of 2.12 crore vehicle sales in FY19. Overall motor industry sales registered a growth of 22.9% with total vehicle sales at 2.15 crore. Third party premiums were increased by IRDAI for the first time after June 2019. Although this was much awaited increase, the hike was lower than the industry expectation. The overall industry motor insurance premium saw a strong growth of 15.4% and recorded premium of Rs. 81,292 crore. We at Magma HDI recorded an impressive growth of 41% in our motor book while increasing our market share to 2.3% from 1.9% in FY22. The growth was the result of deep mining our established and nurtured channels and business tie-ups.

This was also a reflection of our ability to service and cater to our customer requirements using various digital platforms. Our claims settlement with use of technology and digital enablement ensured that we were able to service our customers when they needed it the most. We were also able to shift our portfolio from being predominated by commercial vehicles to a balanced mix between Private car, Two wheelers and Commercial vehicles. While we were able to grow at a very healthy rate, market factors remained very competitive and aggressive pricing did result in an increase in loss ratios. We expect pricing pressure to continue in the forthcoming year as well, which will keep us on toes with respect to loss ratios. Our approach would be to further micro-segment the market to select and target risk appropriate segments.

In FY23, the Company grew its Health and Accident portfolio by ~123% to a gross written premium of Rs. 252 crores. As a result, it was able to increase health segment proportion to 9.7% from 6.2% over the last year. The Company has solutions across the health spectrum such as Retail Indemnity, Group Indemnity, Group Benefit and Group Personal Accident. All these products are developed with clear focus on enriching our offer with innovative and flexible product propositions. The Company is unceasingly identifying new target segments and creating various business enablers in all areas like expanding product bouquet by adding new products for Senior Citizen and Super Top Up cover, introducing new add-ons regularly, accelerating underwriting decisions by authorizing tele-underwriting, facilitating home visits medical checkup for its customers, launching over the counter solutions and increasing network strength to 7,900 hospitals across ~750 locations in India, to offer seamless claim servicing to its customers, to support growth of its Health portfolio.

In case of Commercial products such as Fire, Marine, Engineering risks insurance, the Company intends to keep only moderate exposures in high hazard risks and high natural catastrophe prone areas to achieve a suitable balance in the portfolio. It also takes into consideration the impact on our solvency while participating in any Risk by selecting a suitable line size. At the same time, the Company writes risks with acceptable risk quality and avoid risks which are below average risk quality. Over last few years as the Company has grown, the retention levels and participation in various risks have been moderately increased to keep a healthy and balanced portfolio profitability. As the portfolio grows, such segments will shape up and become significant part of the portfolio.

The Company has increased treaty capacities over the last few years especially in Property line of business and this has enabled us to offer sizable capacities in the market and increase its portfolio in this line.

Another aspect is to keep updating product offering in line with the market requirement. In last few years, the Company has successfully filed new products under various lines of businesses viz. Bharat Laghu Udhaym Suraksha, Sookshma Udhaym Suraksha, Bharat Ghriha Raksha etc., also "Business Protect Policy" for Laghu Udhaym and other corporate entities, which offers a comprehensive cover for business owners in this segment in line with the new products being offered in the market.

The Company has revived its products in Liability line of business by re-launching "Public Liability Industrial", "Public Liability Non-Industrial" and "Public Liability Act" policies by bringing it in line with its peers and to address the need of its corporate customers. The Company has also developed new product "Cyber Protect Group Insurance Policy" under Liability line of business which will be offered in FY24 and will address the growing need of cybercrime losses which are faced by individuals, however, to address the needs of corporate customers who are equally prone to cybercrime losses company already has "Cyber Risk Insurance Policy" and "Crime Insurance Policy" in place.

Overall, the underwriting fundamentals and governance remain sound. Underwriting capacity and authority delegation to individuals are based on their specific expertise and set appropriate underwriting and pricing guidelines. Regular technical reviews assure that underwriters perform within authority and adhere to underwriting philosophy and policy. Effective governance ensured control and compliance environment as reflected in successful audits.

We aim to deepen our relationship with existing customers and build out new customer segments, from the millennials and gig customer segments to small and medium sized enterprises. The Company aims to become the preferred insurance provider and achieve a responsible growth by using the insights gained by listening to our partners and customers.

#### 4) HUMAN RESOURCES (HR)

People are the most valuable assets of the Company for creating value and supporting business growth. As on 31 March 2023, the employee strength was 1853.

The Human Resources function focused on building key people practices including hiring and onboarding talent, development of employees through learning initiatives, retention of key talent with employee engagement and rewards and recognition programs.

In order to improve employee services and people experiences, automation in the area of HR Operations continued to be an important agenda during the year. Human Resource Management System (HRMS) called "CONNECT" was implemented for employee services.

Employee Induction programs have been revamped along with Induction program specially designed for Front line sales executives in Composite and Health Agency called "HeadStart". Post induction programs, "SkillUp" have also been launched to enable front line field executives in their role.

Various skill development programs have been launched to facilitate learning for employees across the organization along with employee nominations for external training programs from IIRM, NIA and other industry institutes based on role requirements.

Rewards & Recognition programs continued to focus on celebrating excellence from employees and encouraging right behaviors. To boost employee productivity in Sales functions, the incentive schemes are reviewed every year with a clear focus on inculcating a culture of “pay for performance”. For the Health Agency channel, we have introduced “Pragati” a fast-track performance management program which has started yielding results since its launch in September 2021.

## 5) OPERATIONS, TECHNOLOGY & CUSTOMER SERVICE

Over the past years the Company has created a digital journey vision for its customers and partners. End to end technology initiatives have been created in following process:

1. KYC based customer onboarding
2. Automated NCB recovery
3. Scanning App for Field Executives
4. eNACH
5. Migration of Infrastructure & Applications on the Cloud to improve availability and scalability of business applications
6. Automation of Procure to Pay life cycle through the implementation of Oracle Fusion
7. Launch of De-Risk application to track and manage risks in a calibrated manner

KYC based customer onboarding: Effective 01 January 2023, Regulator has asked the insurers to perform AML/KYC check of all customers. The Company has procured a system for Auto validation of AML/KYC documents. This system leverages the UIADAI/CERSAI data bases to authenticate the customers. The system has built in AI through which other valid documents such as Passport/Driving License/Voter ID card can be verified using OCR based technology.

Automated NCB recovery: NCB recovery process was highly manpower intensive. Under the new process, a link is shared with the customers along with the generation of NCB recovery letters. Through this link, the customer can check the details of the NCB to deposited and make payment.

Scanning App for Field Executives: Submission of document at branches was a pain area for sales staff. Sales staff had to plan a visit to the nearest branch while they were on the field. A Scanning App has been developed for sales staff to facilitate the scanning of documents on the go, any time and from anywhere in the country. Now, the sales staff is not required to visit the nearest branch for submitting the documents.

eNACH: Paying installments for Health Insurance premium is a prevailing market practice. The Company has started this functionality and the same has resulted in ease to customers, onboarding of the customer in this process is completely digital with ZERO paper movement.

These initiatives have also been acknowledged in various Industry Events, as below:

Sl. No.	Timeline	Event	Category
1	Apr 2022	3 <sup>rd</sup> Annual BFSI Technology Excellence Awards 2022	Best Use of RPA in Insurance
2	Jun 2022	Technology Excellence Awards 2022	Disruptive Technology Innovation Awards
3	Jun 2022	Customer Experience Excellence Awards 2022	Best Use of Innovation to Enhance Customer Experience - Insurance
4	Aug 2022	Insurance Asia Awards 2022	Insurance Initiative of the Year - India
5	Sep 2022	BFSI Leadership Awards 2022	Insurtech Company of the Year
6			Technology Champion of the Year (General Insurance)
7			Best Use of RPA in Insurance
8	Oct 2022	Digital Transformation (DX) Awards 2022 recognising Best Practice in Digital	Managing Pandemic by Operations

## 6) CLAIM RESERVES

The future unpaid claim liabilities (incl. reported and unreported claims) of the Company are established in accordance with the IRDAI (Assets, Liabilities, and Solvency Margin of General Insurance Business) Regulations, 2016. The ultimate claims liability is based on the advice/estimation derived under the direction of the Appointed Actuary using the methods well established in the industry and recommended by the IRDAI. The data used for IBNR estimation is classified following the principle of homogeneity to the extent possible, keeping in mind the nature of business and claims development pattern.

In terms of business, the Company has a significant proportion of business in Motor Third Party segment. Motor Third Party being a long-tailed business forms a major portion of the total reserves for the Company. The Company's experience is still developing for this segment and hence the principle of prudence is applied while estimating the ultimate liabilities for this segment, to safeguard the policyholder's interest. Along with the internal data, the Company takes reference of industry wide data and indicators of inflation, interest rate trends, landmark as well as recent court rulings, amendments to the applicable acts, laws, and regulations while calculation of the reserves for the segment. Besides Motor Third party, the Commercial segment has inherent volatility in the claims experience.

The Company also acknowledges the importance of timely recognition of claims at all times. To ensure this, a robust claims process is put in place which registers the claims at the earliest upon intimation. At the initial point of registration, since having limited information on the merits of the claim, a default claim provision is made based on the historical settlement experience of the Company and the nature of segment. Thereafter, upon obtaining further details on the loss event basis survey and/or investigation, such default provision is further updated to estimated loss amount to account for the correct estimated liability.

## 7) CLAIMS SERVICING

The Company believes in its key objective of business to service the customers during their times of financial distress in the event of damage to property/vehicles or medical emergency or any other financial liability risk as insured by the Company. The Company has fair and robust claims management practices. The Company continues to review its processes with empathy as the core value for the customer. Hence, a fair and fast settlement of any claim becomes the paramount objective. It also leverages technology to achieve this objective, which at the same time, ensures cost effective scalability of its claims operations. The Company has about 6,800 motor workshops spread across ~600 districts and a network of 7900 hospitals across the country. This ensures that customers are able to reach out to the nearest workshop/hospital, no matter where they are present and avail cashless claims service.

In order to make the experience seamless for the customers, there is a consistent and continuous focus to simplify procedures, thereby enabling reduction in turnaround time (TAT). Key initiatives in this regard include end to end workflow-based claims process i.e. from claim intimation to settlement, introduction of Self Survey App etc. Self-survey app connects both Motor & Non-Motor customers and vendors for registering and getting the further details of the claim on the app. Survey process has been simplified through video streaming to make it completely touchless & efficient with no necessity of moving physical documents.

The Company has an in-house claims settlement team for servicing Motor OD Claims. It has settled 86% Motor Own Damage claims in-house in FY23. Further, with the app and video streaming facility, the Company has settled 56% Motor OD claims without any involvement of a physical visit. This had helped the Company to service its customers even during COVID-19 induced lockdown.

In addition, the Company has launched an AI based external damage detection and severity assessment tool for private car own damage (OD) claims, which minimizes data entry time and increases efficiency. More than 40,000 private car OD claims have been processed in FY23 using this AI based tool.

In Motor Third party claims, the Company extensively uses compromise settlement mode through out of court negotiations. This year too, the Company has done 62% of total claims closure by way of out of court settlement negotiations. The TP claims settlement performance of the Company has been acknowledged by various District Legal Services Authorities (DLSA) in different States recognizing the extended contribution and active participation of the Company to ensure success of Lok Adalats and National Lok Adalats.

Details of total Claims intimated, disposed of and pending –

Particulars	Total Number of claims FY23	Total Number of claims FY22
Outstanding at beginning of Financial Year	17,881	11,876
Intimated during the year	232,155	139,739
Settled during the year	226,658	133,734
Outstanding at the end of the Financial Year	23,378	17,881

## 8) REINSURANCE

Your Company has a well-structured reinsurance program to protect it against the risks it underwrites. The Company has got into arrangements in the form of annual treaties with a panel of reinsurers, which enables it to automatically reinsure large risks (upto defined limits) without having to refer each case to them. These arrangements are called Proportional Treaties where the Company and the Reinsurers share the premium and claims in an agreed proportion for each risk as per the agreement.

The Company has also got into treaty arrangements (termed as Non-proportional Treaties) which protects it against the large individual losses as well as accumulated losses on its books against a catastrophic event affecting its insured risks. The extent of such protection is bought by the analysis of the likely loss in case of a catastrophe. The Company uses the tool based on RMS India Earthquake Model.

In addition, the Company also purchases, wherever required, on a case-to-case basis, Facultative Reinsurance for specific policies, where either treaty limits are inadequate, or the risk is not covered by the terms of the reinsurance treaties.

The entire reinsurance program is supported by Reputed and well rated Reinsurers (like Munich Re, GIC Re, SCOR SE, Swiss Re, Gen Re) which reduces counter party credit risk significantly.



## 9) INVESTMENTS

The Company follows a prudent investment strategy with emphasis on optimizing risk-adjusted returns based on an appropriate mix of duration, liquidity & safety. Company's investment philosophy is focused on prudent and optimal investment of surplus funds keeping in mind the obligation to pay claims when they arise.

Company's investment portfolio remains robust. The assets under management as at 31 March 2023 stood at Rs. 5,259.0 crore as against Rs. 3,844.4 crore as at 31 March 2022, an increase in assets under management by 36.8%. The investment and other income (net) for FY23 was Rs. 299.4 crore as against Rs. 231.5 crore in the previous year.

The Company currently invests only in fixed income securities. Out of the total fixed income portfolio (excluding fixed deposits and money market instruments) 96.8% (PY 96.5 %) are invested in Sovereign Bonds and highest credit rated securities (AAA or equivalent). In terms of Maturity profile, 4.7% (PY 10.7%) of the portfolio comprises of the short-term instruments and balance 95.3% (PY 89.3.%) in longer tenor instruments, providing sufficient liquidity when required.

The Company's internal Investment Policy and Operating Guidelines have defined exposure norms for investee companies, groups and industries in accordance with IRDAI guidelines. The Company has also defined credit parameters for credit evaluation of the investee companies and keeps conducting periodic review of the investment portfolio. The Company has well defined risk framework for the investment portfolio. The Company has duly complied with these policies and regulatory guidelines during FY23. Based on the market volatility, Company dynamically reviews the investment portfolio to align it with stated objectives.

Company's investment portfolio remains robust. There has been no delay/default in repayment on any of the investments in the current financial year. The Company does not have any non-performing/stressed assets in its portfolio as at the year end.

## 10) MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments have occurred after the close of the year till the date of this Report, affecting the financial position of the Company.

## 11) CHANGES IN THE NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the FY23.

## 12) DETAILS OF SUBSIDIARY/ ASSOCIATES/ JOINT-VENTURE COMPANY

Your Company does not have Subsidiary/Associates/Joint-Venture Company as on 31 March 2023.

## 13) SOLVENCY

The Company's solvency margin as at 31 March 2023 stands at 2.10 times, which is above the prescribed limit of 1.50 times as stipulated by Insurance Regulatory & Development Authority of India (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations, 2016 and subsequent Circulars and Orders.

## 14) DIVIDEND

Your directors do not recommend any dividend for the financial year ended 31 March 2023.

## 15) TRANSFER TO RESERVES

In view of the loss incurred by the Company, no amount has been transferred to the General Reserve.

## 16) CHANGES IN SHARE CAPITAL

The Shareholders of the Company have approved the increase in authorized share capital of the Company from Rs. 250 crores to Rs. 350 crores in FY23 and the same has been approved by the Registrar of Companies, West Bengal.

During the year, your Company has also allotted equity shares on preferential basis (the "Equity Shares") to Sanoti Properties LLP (Sanoti) as below:

- a) 5,60,60,000 Shares on a preferential basis having a face value of Rs. 10/- each at a price of Rs. 80.26 per share including premium of Rs. 70.26 each, aggregating to Rs. 4,49,92,63,480/- in May 2022
- b) 3,52,92,000 Shares on a preferential having a face value of Rs. 10/- each at a price of Rs. 80.44 per share including premium of Rs. 70.44 each, aggregating to Rs. 2,83,88,88,480/- in March 2023

Further your Company has issued 6,09,927 fresh equity shares under ESOP 2018 scheme to Option holders who have exercised their options during the year.

**17) CORPORATE GOVERNANCE**

Report on Corporate Governance containing details of our compliance with various provisions of Corporate Governance Guidelines prescribed by Insurance Regulatory and Development Authority of India for the FY23 together with a Certificate of Compliance are attached and form part of this Annual Report.

**18) SECRETARIAL STANDARDS**

The Company has complied with all applicable secretarial standards during the year under review.

**19) OFFICES**

The total number of offices of the Company are 102 as of 31 March 2023.

**20) PUBLIC DEPOSITS**

During the year under review, the Company has not invited deposit from public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

**21) EMPLOYEE STOCK OPTION SCHEME**

Your Company has formulated and implemented Magma HDI General Insurance Company Limited - Employee Stock Option Plan 2018 (MHDI ESOP Plan) through Magma HDI General Insurance Company ESOP Trust ("ESOP Trust") in accordance with the Companies Act, 2013 read with SEBI (Share Based Employee Benefits) Regulations, 2014, now SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 including any amendments thereto ("SEBI Regulations").

The ESOP Trust under the supervision/guidance of the Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitor the MHDI ESOP Plan in accordance with the applicable SEBI Regulations.

The information as required under Section 62(1)(b) read with Rule 12(9) and Rule 16 of the Companies (Share Capital and Debenture) Rules, 2014 read with SEBI (Share Based Employee Benefits) Regulations, 2014, now SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 including any amendments thereto, is annexed herewith as "Annexure A".

The Information required under Regulation 14 of the SEBI Regulations is available on the website of the Company [www.magmahdi.com](http://www.magmahdi.com) at <https://www.magmahdi.com/public-disclosures/other-disclosures/esop> and the Secretarial Auditors' Certificate will be placed at the forthcoming Annual General Meeting pursuant to Regulation 13 of the said Regulations.

**22) DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year under review, the Board of Directors on the recommendation of Nomination and Remuneration Committee had appointed Ms. Sandhya Sharma in the capacity of Independent Non-Executive Director of the Company w.e.f. 08 November 2022 who shall not be liable to retire by rotation.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and in terms of Articles of Association of the Company, Mr. Jens Wohlthat (DIN 05245642) shall retire by rotation at the ensuing AGM. Further, being eligible, he offers himself for reappointment.

All the directors have confirmed that they are not disqualified from being appointed as directors in terms of Section 164(2) of the Companies Act, 2013.

The brief resume/details relating to directors who are to be appointed are furnished in the Notice of the ensuing AGM. The Board of Directors of your Company recommends the appointment of the said director at the ensuing AGM.

Pursuant to recommendation of the Nomination and Remuneration Committee, during the year, the Board has recommended the following appointments of Key Managerial Persons (KMP) to the Board of Directors:

- a) Ms. Sweta Bharucha as Company Secretary and Compliance Officer to monitor and ensure compliance of the IRDAI Corporate Governance Guidelines w.e.f. 29 April 2022
- b) Mr. Amit Shantiprasad Thapliyal as Chief Technology Officer w.e.f. 26 September 2022
- c) Mr. L. Chakradhar Rao as the Compliance Officer of the Company as required under IRDAI Corporate Governance guidelines in place of Mr. Anil Agarwal, Chief Compliance Officer who resigned from the services of the Company with effect from 03 December 2022
- d) Mr. Kishore Khanchandani as Chief Risk Officer w.e.f. 01 January 2023

**23) STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SECTION 149 (6) AND SECTION 149 (7) OF THE COMPANIES ACT 2013**

All the independent directors viz. Mr. Kailash Nath Bhandari (DIN 00026078), Mr. Sunil Mitra (DIN 00113473), Mr. V. K. Viswanathan (DIN 01782934) and Ms. Sandhya Sharma (DIN 02005378) have given declaration to the Company stating that they meet the criteria of independence as prescribed under Section 149(6) & Section 149 (7) of the Companies Act, 2013 read with rules made thereunder for the FY23.

Pursuant to a notification dated 22 October 2019 including amendments thereto issued by the Ministry of Corporate Affairs, all the independent directors have completed the registration with the Independent Directors Databank. Requisite disclosures have also been received from the directors in this regard. All the Independent Directors of the Company have complied with the Companies (Appointment and Qualifications of Directors) Rules, 2014.

## 24) MEETINGS

A calendar of Meetings is prepared and circulated in advance to the directors.

### **Board Meetings:**

During the FY23, eight (8) Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. All Board meetings were convened by giving appropriate notice to address the Company's specific needs and were governed by a structured agenda. All the agenda items were backed by comprehensive information and documents to enable the Board to take informed decisions. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Further, during the FY23, the Board had also decided some of the matters by way of resolutions passed by circulation considering the business exigencies or urgency of matters. There were five (5) resolutions that were passed by means of circular resolutions.

### **Committee Meetings:**

#### **Audit Committee**

The Audit Committee comprises of Mr. Sunil Mitra who serves as the Chairman of the Committee, Mr. V. K. Viswanathan, Mr. Sanjay Chamria, Mr. Kailash Nath Bhandari and Mr. Jens Holger Wohlthat, as other members. During the year Five (5) Audit Committee Meetings were convened and held. The terms of reference of the Audit Committee are in compliance with the provisions of Section 177 of the Companies Act, 2013 and have been furnished in the Corporate Governance Report forming a part of this Annual Report. All the recommendations made by the Audit Committee were accepted by the Board.

#### **Nomination and Remuneration Committee**

During the year under review Five (5) Nomination and Remuneration Committee (NRC) Meetings were convened and held. The composition and terms of reference of the NRC have been furnished in the Corporate Governance Report forming a part of this Annual Report.

#### **Corporate Social Responsibility Committee**

Pursuant to section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014 made thereunder, your directors have constituted the Corporate Social Responsibility (CSR) Committee. The CSR Committee comprises of Mr. Mayank Poddar, Non-Executive Director who serves as the Chairman of the Committee, Mr. Jens Holger Wohlthat, Non-Executive Director, Mr. Sunil Mitra, Non-Executive Independent Director and Mr. Rajive Kumaraswami, Managing Director & Chief Executive Officer, as other members. During the year, the CSR Plan for the FY23 was recommended by the Committee at its meeting held on 19 January 2023.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities. The said Policy may be referred to, at the website of the Company at its weblink, i.e. <https://www.magmahdi.com/public-disclosures/other-disclosures/policies>.

Based on the provisions of the Companies Act, 2013 and Corporate Governance Guidelines for Insurers in India, 2016 ("CG Guidelines") the Company was not required to incur any expenditure for CSR activities for FY23. However, pursuant to the requirements of the IRDAI CG Guidelines the Company has spent Rs. 7 lakhs for CSR activities for financial year FY23 respectively in the current year after obtaining approval of the CSR Committee.

Disclosure of composition of the CSR Committee, contents of the CSR Policy and the Annual Report on our CSR activities is given in "Annexure B" to the Board's Report.

#### **Separate Meeting of Independent Directors**

During the year, a separate meeting of independent directors was held on 20 March 2023 in terms of Schedule IV of the Companies Act, 2013, without the presence of Non-Independent Directors and members of the management. The details of said meeting are given in the Corporate Governance Report.

## 25) STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Companies Act, 2013, the Board of Directors ("Board") has carried out an annual evaluation of its own performance, and that of its committees and individual directors.



The performance of the Board and individual directors was evaluated by the Board seeking inputs from all the directors. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members. The Nomination and Remuneration Committee (NRC) reviewed the performance of the individual directors. A separate meeting of Independent Directors (IDs) was also held on 20 March 2023 to review the performance of Non-Independent Directors; performance of the Board as a whole and performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors. This was followed by a Board meeting that discussed the performance of the Board, its Committees and individual directors taking into consideration the evaluation done by the NRC and the IDs.

The criteria for performance evaluation of the Board included aspects like Board composition and structure; effectiveness of Board processes, information and functioning etc. The criteria for performance evaluation of Committees of the Board included aspects like composition of Committees, effectiveness of Committee meetings etc. The criteria for performance evaluation of the individual directors included aspects on contribution to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc. In addition, the Chairperson was also evaluated on the key aspects of his role. It was reported that the performance evaluation of the Board, Committee etc. was satisfactory. The Board expressed its satisfaction with the evaluation process.

## 26) MANAGERIAL REMUNERATION

The Executive Director (Managing Director & Chief Executive Officer) is appointed based on terms approved by the Shareholders. The remuneration paid to Managing Director & Chief Executive Officer (MD & CEO) is recommended by the Nomination and Remuneration Committee (NRC) taking into account various parameters included in the Remuneration Policy of the Company. His remuneration comprises of salary, allowances and perquisites as indicated in Notes to Accounts. The Non-executive Independent Directors were paid sitting fees of Rs. 1,00,000/- per meeting of the Board, Audit Committee, Nomination & Remuneration Committee and Risk Management Committee Meeting and Rs. 30,000/- per meeting of the Investment Committee, Policyholders' Protection Committee and Independent Directors' Meeting. No sitting fees are being paid to Non-executive Non-Independent Directors. The details of remuneration are given in the Corporate Governance Report.

## 27) REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee adopted the Remuneration Policy, which *inter alia* includes Policy for selection and appointment of Directors, CEO & Managing Director, Key Managerial Personnel, Senior Management Personnel and their remuneration. Familiarization Program forms part of the Remuneration Policy. This Policy *inter-alia* includes:

### 1. Criteria of selection of directors, senior management personnel and key managerial personnel:

- 1.1 Your Company has one Executive Director. Selection of Executive Director/s shall be in line with the selection criteria laid down for independent directors, in so far as those criteria are not inconsistent with the nature of appointment; Nomination and Remuneration Committee (NRC) is responsible for identification, shortlisting and recommending candidature of person for the position of Managing Director to the Board of Directors of the Company;
- 1.2 Independent Directors will be selected on the basis of identification of industry/subject leaders with strong experience. The advisory area and therefore the role, may be defined for each independent director;
- 1.3 In your Company, Senior Management Personnel shall comprise of the function and business heads who are directly reporting to Managing Director & Chief Executive Officer (MD & CEO) of the Company or Director as the case may be;
- 1.4 For any Senior Management Personnel recruitment, it is critical to identify the necessity for that role. In order to validate the requirement –
  - i. Job Description (JD) along with profile fitment characteristics from a personality, experience and qualification point of view shall be created
  - ii. Selection shall happen through referrals from Board members, industry leaders or leading search firms
  - iii. The recruitment process shall generally involve meetings with MD & CEO and/or identified members of the Nomination and Remuneration Committee ("NRC"), basis which the candidature will be finalized
  - iv. On the lines of broad inputs provided by NRC, there shall be a compensation discussion and resulting fitment, based on overall positioning with respect to the market, internal parity and structure of the compensation offer (which includes fixed and variable pay components). Thereafter, the offer shall be rolled out.

### 2. Determination of qualification, positive attributes and independence test for the independent directors to be appointed.

- a. For each Independent Director, the appointment shall be based on the need identified by the Board
- b. The role and duties of the Independent Director shall be clearly specified by highlighting the committees they are expected to serve on, as well as the expectations of the Board from them
- c. At the time of selection, Board shall review the candidature on skill, experience and knowledge to ensure an overall balance in the Board so as to enable the Board to discharge its functions and duties effectively
- d. Any appointment of the Independent Director shall be approved at the meeting of the shareholders, in accordance with extant laws
- e. Director's Independence test shall be conducted as per the conditions specified in the Companies' Act and the rules thereunder
- f. The remuneration of the Directors shall be established on the reasonability and sufficiency of level in order to attract, retain and motivate the Directors; and

- g. MD & CEO or Director along with Company Secretary shall be involved in the familiarisation/induction process for the independent director/s

### 3. Remuneration policy for the Directors (including Independent Directors), key managerial personnel and senior management personnel:

- a. The Independent Directors would be paid sitting fees subject to the limits prescribed under the Companies Act, 2013, or any amendments thereto, as may be determined by NRC from time to time, for attending each meeting(s) of the Board and Committees thereof
- b. Directors shall be reimbursed any travel or other expenses, incurred by them, for attending the board and committee meetings
- c. The remuneration paid to MD & CEO shall be considered by the NRC taking into account various parameters included in this Policy document and recommended to the Board for approval. This shall be further subject to the approval of the Members at the next General Meeting of the Company in consonance with the provisions of the Companies Act, 2013 and the rules made thereunder
- d. For KMP and Senior Management Personnel, remuneration shall be based on the Key Responsibility areas identified and the achievement thereof. The increments shall usually be linked to their performance as well as the performance of the Company. The increment on fixed salary would correspond to the percentage increase with respect to the final performance rating as per the agreed salary increment grid

### DISCLOSURES ON REMUNERATION OF MANAGING DIRECTOR AND KEY MANAGEMENT PERSONS AS MANDATED UNDER IRDAI GUIDELINES DATED 05 AUGUST 2016.

#### (i) Qualitative Disclosures:

##### A. Information relating to the design and structure of remuneration processes:

The Company under the guidance of the Board and the Nomination and Remuneration Committee ("NRC/Committee"), follows compensation practices intended to drive meritocracy and fairness and to attract, retain and motivate competent resources.

The key features and objectives of the Remuneration Policy are as under:

- a. Compensation payable to MD/WTD/CEO shall be as per the applicable statutory provisions of the Companies Act, 2013 read with the Guidelines and the Insurance Act, 1938 and amendments and rules made there-under for the time being in force.
- b. The remuneration paid to MD & CEO inclusive of fixed pay, perquisites, allowances, bonus, guaranteed pay, Severance package, stock, pension plan, gratuity, short term/long-term incentives, retinals, and other components, shall be considered by the NRC taking into account various parameters included in this Policy document and recommended to the Board for approval. This shall be subject to the approval of the Authority.
- c. While determining the total remuneration, the NRC shall consider the parameters and various risks as specified in the guidelines issued by IRDAI and recommend to the Board for approval.
- d. The following aspects may be considered while framing the remuneration structure of the MD/WTD/CEO viz.,

Fixed Pay - Fixed portion of the remuneration shall be reasonable taking into all relevant factors,

Variable Pay -

- a. Deterioration in the financial performance of the Company and other parameters mentioned in point c above shall be accordingly factored in the total amount of variable remuneration paid
- b. In case the variable pay constitutes a substantial portion of the total pay i.e. greater than 60%, an appropriate portion i.e. 40% shall be deferred over a period of 3 years
- c. Company shall ensure proper balance between fixed pay and variable pay, between the cash and stock/share components in the variable pay in case the variable Guaranteed bonus – Guaranteed bonus shall not be part of remuneration plan

ESOP will be kept out of the computation of the total remuneration of the CEO. NRC shall discuss and finalise the quantum of Long-Term Bonus for the MD & CEO as per the approved Policy and recommend payment to the Board for its approval. This is subject to the approval of the Authority.

##### B. Description of the ways in which current and future risks are taken into account in the remuneration processes

While deciding the remuneration of MD & CEO/WTDs, the Company shall also take into account all types of risk. While adjusting the risks, variety of measures of credit, market and liquidity risks may be considered. The risk adjusted methods shall have both quantitative and judgmental elements. The parameters considered shall be in line with the Business Plan of the Company.

KPIs of Whole time Directors, as well as employees, incorporate relevant risk management related aspects. The Remuneration Committee takes into consideration all the above aspects while assessing Organization and individual performance and making compensation related recommendations to the Board.

To ensure effective alignment of compensation with prudent risk taking, the annual performance targets and performance evaluation incorporate both qualitative and quantitative aspects including combined ratio, reserving and refinement/improvement of the 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 NRC defines Key Performance Indicators (KPIs) for Whole-time Directors and the organisational performance norms for bonus based on the financial and strategic plan approved by the Board

The NRC takes into consideration all the main performance metrics including business growth, market share, profits, strategic goals for future, risk metrics (such as combined ratio), compliance with regulatory norms, refinement of risk management processes and customer service while assessing organizational and individual performance and making compensation related recommendations to the Board regarding the level of performance bonus for employees and the performance assessment of Whole-time Directors.

#### (i) Quantitative Disclosures:

The following table sets forth, for the period indicated, the details of quantitative disclosure for remuneration of Whole-time Directors including MD & CEO.

Particulars	For the year ended 31 Mar 2023
Number of Whole-time Directors including Managing Director & CEO having received a variable remuneration award during the financial year	1
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
Total amount of outstanding deferred remuneration	
Cash	Nil
Shares	Nil
Share linked instruments	Nil
Other forms	Nil
Total amount of deferred remuneration paid out in the financial year	Nil
Breakdown of amount of remuneration awards for the financial year	
Fixed	Rs. 35,651 lakhs
Variable	Rs. 67.87 lakhs
Deferred	Nil
Non-deferred	Rs. 67.87 lakhs
ESOP	200,000 options exercised during the year

## 28) RISK MANAGEMENT FRAMEWORK

The Board of your Company, with the intent to implement a consistent and efficient approach to identify, evaluate and respond to key risks that may impact business objectives of your Company and to mitigate business risks in order to minimize the frequency and impact of risks, has adopted the Risk Management Policy.

The specific objectives of the Risk Management Policy are to ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated and managed, to establish a framework for the Company's risk management process and to ensure companywide implementation, to ensure systematic and uniform assessment of risks related with general insurance business, to enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices and to assure business growth with financial stability. The Company also has an Internal Control and Fraud Risk Management department, which looks at identification of frauds through inbuilt controls such as fraud indicators in various processes and conducts analytical projects for identification of frauds. It also has a robust mechanism to take corrective actions such as changes in processes and take disciplinary action such as termination, filing Police complaints, suspending license/agreement etc. on identification of frauds or potential frauds. The Company also has Operational Risk Management framework to manage risk that may arise from inadequate or failed internal processes, people, systems, or external events. To manage and control operational risk, various tools, including Self Assessments, operational risk event management and key risk indicator monitoring are used. Further, the Company recognizes that information is a critical business asset, and accordingly, there is an information security and cyber security framework that ensures all information assets are safeguarded by establishing comprehensive management processes throughout the organization.

The risk and risk mitigating factors are discussed and deliberated at the Risk Management Committee and subsequently the same is placed at the Board Meeting for review. The constitution and terms of reference of the Risk Management Committee of the Company have been furnished in the Corporate Governance Report forming part of this Annual Report.

**29) VIGIL MECHANISM**

The Company has adopted the "Breach of Integrity and Whistle Blower (Vigil Mechanism) Policy" to provide a formal vigil mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company have been denied access to the Audit Committee.

The said Policy may be referred to, at the website of the Company at its weblink, i.e. <https://www.magmahdi.com/public-disclosures/other-disclosures/policies>

**30) PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188 OF THE COMPANIES ACT, 2013**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis and the same were also reviewed by the Audit Committee of the Board.

The particulars of contract or arrangements entered into by the Company with related parties are mentioned separately in the notes to financial statements.

**31) MAINTENANCE OF COST RECORDS**

The Company being an Insurance Company is not required to maintain Cost records.

**32) INTERNAL AUDIT AND INTERNAL FINANCIAL CONTROL**

Your Company has an adequate system of internal control procedures which is commensurate with the size and nature of business. Detailed procedural manuals are in place to ensure that all the assets are safeguarded, protected against loss and all transactions are authorized, recorded and reported correctly. The internal control systems of the Company are monitored and evaluated by internal auditors and their audit reports are periodically reviewed by the Audit Committee of the Board of Directors. The Audit Committee regularly reviews the audit findings and actions taken thereon, as well as the adequacy and effectiveness of the internal systems and controls.

**33) STATUTORY AUDITORS**

M/s. Singhi & Co, Chartered Accountants, having Registration No. 302049E was appointed for a period of 5 years from the conclusion of the 12<sup>th</sup> AGM (FY22) till the conclusion of the 17<sup>th</sup> AGM (FY26) as Joint Statutory Auditors of the Company.

M/s. M S K A & Associates, Chartered Accountants, having Registration No. 105047W was appointed for a period of 5 years from conclusion of 13<sup>th</sup> AGM (FY23) till the conclusion of the 18<sup>th</sup> AGM (FY27) as Joint Statutory Auditors of the Company.

**34) STATUTORY AUDITORS' OBSERVATIONS**

The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer on the Company's operations in FY23.

**35) SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Vinod Kothari & Company, Practising Company Secretaries (Unique Identification Number of the Firm: P1996WB042300) to undertake the Secretarial Audit of the Company for the FY23. The Report of the Secretarial Auditor for the financial year ended 31 March 2023 is annexed herewith as "Annexure C".

**36) SECRETARIAL AUDITORS' OBSERVATIONS**

The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer. However, the Secretarial Audit Report includes observation matter of emphasis on compliance of Section 40C of the Insurance Act read with IRDA (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016. Your Company has exceeded the allowable Expenses of Management limit as per IRDA (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016 and it has applied to IRDAI seeking forbearance from the same.

**37) FRAUD REPORTING**

Fraud reporting, if any, made in terms of Section 143(12) of the Companies Act, 2013, are reviewed by the Risk Management Committee of the Board. Further, the Auditors have reported that no material fraud by the Company or by its employees or officers has been noticed or reported during the year.



**38) SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS/ TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE**

There were no significant material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations.

**39) DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT 2013**

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a 'Policy for Prevention of Sexual Harassment' to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment, in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013 and the rules framed thereunder. We made changes to make this policy gender neutral. The Company has also constituted the Internal Complaint Committee to consider and address sexual harassment complaints in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no case of sexual harassment was reported. To build awareness and appreciation of this area, we have an online knowledge module leveraging our learning management system. We have conducted workshops and built awareness through regular communication via different modes.

**40) DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(3)(c) read with 134(5) of the Companies Act, 2013 and based on the information provided by the management, your Directors state that:

- a. In the preparation of the annual accounts for the year ended 31 March 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any
- b. The Directors have selected such accounting policies and applied them consistently except otherwise stated and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31 March 2023 and of the profit/(loss) of the Company for that period
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, Insurance Act, 1938, Insurance Rules, 1939 and IRDAI Regulations, Orders, Circulars and Guidelines for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any;
- d. The Directors have prepared the annual accounts of the Company on a going concern basis; and
- e. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and ensured that they were adequate and operating effectively

**41) MANAGEMENT REPORT**

In accordance with Part IV, Schedule B of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, the Management Report forms part of the financial statements.

**42) PARTICULARS REGARDING CONSERVATION OF ENERGY OR TECHNOLOGY ABSORPTION**

On Technology front, your Company has implemented various solutions, some of which are mentioned below:

- Created end-to-end technology solutions for KYC based customer onboarding
- Deployed numerous robotic process automations including for NCB Confirmation, MIS and Vendor Empanelment
- Successfully automated General Ledger, Accounts payable, Assets Module, Lease accounting through Oracle Fusion which ensures better control and compliances in our Procure to Pay lifecycle
- The Company's complete Infrastructure and applications which were earlier hosted out of physical datacenters have been migrated on cloud which has increased and improved our systems availability and scalability
- Risk Management and tracking has now been automated through De-Risk application which enables timely reviews and dashboards to identify and manage Risk

**43) FOREIGN EXCHANGE EARNINGS AND OUTGO**

Earnings in foreign currency during the year was Rs.11.42 crores (PY Rs. 45.00 crores).

Expenditure in foreign currency during the year was Rs. 71.64 crores (PY Rs.174.44 crores).

**44) ANNUAL RETURN**

The Annual Return in Form MGT-7 as required under Section 92(3) of the Act will be hosted on the website of the Company [www.magmahdi.com](http://www.magmahdi.com) at <https://www.magmahdi.com/public-disclosures/other-disclosures/agms>.

**45) APPLICATION UNDER INSOLVENCY AND BANRUPTCY CODE**

It is not applicable to the Company.

**46) DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS**

It is not applicable to the Company.

**47) PARTICULARS OF LOANS/ GUARANTEE/ ADVANCES/ INVESTMENTS OUTSTANDING DURING THE FINANCIAL YEAR**

The provisions of Section 186(4) of the Companies Act, 2013 ("the Act") requiring disclosure in the financial statements of full particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security is not applicable to the Company.

**48) ACKNOWLEDGEMENT**

The Board wishes to thank the Insurance Regulatory and Development Authority of India and other regulatory authorities for their continued support and guidance. The Board wishes to place on record its sincere thanks for the support and co-operation extended by the Policyholders, Reinsurers and various channel partners. The Directors would also like to express their sincere appreciation to the employees of the Company at all levels for their hard work, dedication and commitment in the growth journey of the Company.

On behalf of the Board of Directors

Place: Mumbai  
Date: 05 May 2023

**Sanjay Chamria**  
Chairman  
DIN 00009894

## Annexure A to Board Report

### Disclosure as per Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 as on 31 March 2021

#### MHDI ESOP 2018 (Details as on 31 March 23)

Sl. No.	Description	(Grant 1)	(Grant 2)	(Grant 3)	(Grant 4)	(Grant 5)
a	Number of options granted	-	-	-	-	-
b	Options vested during the year	-	358,400	297,750	Nil as the criteria for vesting has not yet been met	327,750
c	Options exercised during the year	161,268	290,500	172,500	-	126,000
d	Total number of equity shares of Rs. 10/- each arising as a result of exercise of options	161,268	290,500	172,500	-	126,000
e	Number of Options lapsed during the year	-	-	8,000	430,000	50,000
f	Exercise Price (in Rs.)	44.10	42.08	50.46	50.46	79.67
g	Variation of terms of options	Complied as per the applicable law	Complied as per the applicable law	Complied as per the applicable law	Complied as per the applicable law	Complied as per the applicable law
h	Money realized by exercise of options (In Rs.)	7,111,920	12,224,240	8,704,350	-	10,038,218
i	Total number of options in force*	128,914	312,000	664,000	-	966,500
j	Employee wise details of options granted to: (a) Key managerial personnel;	Given Separately in Annexure (i) (Present Employee)				
	b) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and	Given Separately in Annexure (ii) (Present Employee)				
	(c) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	NIL				
	*No. of options in force as on date = Total exercise with exercised grant - Options exercise - Options lapsed					

**Annexure (i)****List of Key managerial personnel to whom stock options were granted**

Plan Name	Name of Employee	Date of Grant of Options	Tranche	Designation	No. of options granted till 31 Mar 2023	Exercise Price (in Rs.)
MHDI ESOP 2018	Rajive Kumaraswami	07 May 2018	1	Managing Director & CEO	239,055	44.10
		24 Jan 2020	2		200,000	42.08
		22 Oct 2020	3		200,000	50.46
		21 Jan 2021	4		203,250	50.46
		17 Dec 2021	5		200,000	79.67
	Vikas Mittal	07 May 2018	1	Deputy CEO	109,969	44.10
		24 Jan 2020	2		100,000	42.08
		22 Oct 2020	3		100,000	50.46
		21 Jan 2021	4		102,000	50.46
		17 Dec 2021	5		100,000	79.67
	Amit Bhandari	07 May 2018	1	Chief Technical Officer	74,588	44.10
		24 Jan 2020	2		67,500	42.08
		22 Oct 2020	3		67,500	50.46
		21 Jan 2021	4		68,750	50.46
		17 Dec 2021	5		77,500	79.67
	Gaurav Parasrampuria	07 May 2018	1	Chief Financial Officer	47,813	44.10
		24 Jan 2020	2		55,000	42.08
		22 Oct 2020	3		55,000	50.46
		21 Jan 2021	4		56,000	50.46
		17 Dec 2021	5		60,000	79.67

**Annexure (ii)****Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year of grant**

Plan Name	Name of Employee	Date of Grant of Options	Tranche	Designation	Number of options granted in FY23
MHDI ESOP 2018	NIL				



Disclosure as per Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014 as on 31 March 2023

Sl. No.	Particulars	Details of employee who have exercised options
a)	The names of the employees who have not exercised the voting rights directly (*including resigned employees)	<ol style="list-style-type: none"> <li>1. Mr. Rajive Kumaraswami</li> <li>2. Mr. Vikas Mittal</li> <li>3. Mr. Amit Bhandari</li> <li>4. Mr. Nitin Jain</li> <li>5. Mr. Shubham Moondra*</li> <li>6. Mr. Hemant Trivedi</li> <li>7. Mr. Nikhil Manhapra</li> <li>8. Mr. Anand Roop Choudhary*</li> <li>9. Mr. Shivendra Tripathi</li> <li>10. Mr. Amit Loya</li> <li>11. Mr. Dinesh Pande</li> <li>12. Mr. Jinesh Pande</li> <li>13. Mr. Pankaj Chaudhary</li> <li>14. Mr. Debasis Sanyal</li> <li>15. Mr. Nirjhar Pramanik</li> <li>16. Mr. Manish Gangaram Mhadgut</li> <li>17. Mr. Vivek Ramesh Sawant*</li> <li>18. Mr. V Ramesh*</li> <li>19. Mr. Kishore T Khanchandani</li> <li>20. Mr. Mayank Tantia</li> <li>21. Mr. Gaurav Parasrampur</li> <li>22. Mr. Jagannath Venkatraman</li> <li>23. Mr. Subhash Goenka</li> <li>24. Mr. Priyalal Ghosh</li> </ol>
b)	The reasons for not voting directly	As per the Magma HDI General Insurance Company Limited - Employee Stock Option Plan 2018 ("ESOP 2018"), any shares allotted under the Scheme shall be registered under the name of Magma HDI General Insurance Company ESOP Trust while the beneficial ownership shall remain with the employees who are so granted the ESOP Scheme. Accordingly, once the option is exercised, the Magma HDI General Insurance Company ESOP Trust being the Registered owner exercises the voting powers in the general meeting
c)	The name of the person who is exercising such voting rights	Magma HDI General Insurance Company ESOP Trust through its authorised representative duly authorised by the Independent trustees Mr. Vinod Kothari, Practicing Company Secretary and Mr. Paritosh Sinha, Senior Advocate, both of whom are eminent personalities in their respective Fields
d)	The number of shares held by or in favour of, such employees and the percentage of such shares to the total paid up share capital of the company	14,95,415 shares & 0.606%
e)	The date of the general meeting in which such voting power was exercised	Thursday, 30 March 2022
f)	The resolutions on which votes have been cast by persons holding such voting power	Approval of issuance of Equity Shares of the Company on Preferential basis to Sanoti Properties, LLP
g)	The percentage of such voting power to the total voting power on each resolution	0.606%
h)	Whether the votes were cast in favour of or against the resolution	All the votes were casted in favour of the resolution

# Annexure B to Board's Report

## Annual Report on CSR Activities for FY23

### 1. Brief outline on CSR Policy of the Company.

Magma HDI firmly believes that it has a commitment to all its stakeholders, customers, employees and the community in which it operates, and it can fulfil this commitment only by sustainable and inclusive growth. The Company aims to improve the quality of life through its positive intervention in the community.

The Company firmly believes that it has a commitment to all its stakeholders, customers, employees and the community in which it operates, and it can fulfil this commitment only by sustainable and inclusive growth. The Company aims to improve the quality of life through its positive intervention in the community.

The Company's key CSR initiatives are undertaken with a long-term view. Initiatives that are sustainable, have long-term benefits to the society at large and is aligned with the business practices but which do not result in business benefits. The focus area of CSR initiatives at the Company are education, health, and environment.

During FY23, the Company partnered with Childrens Love Castles Trust (CLT) to impart quality education to children in the government schools of Karnataka. CLT India envisions to provide quality education to all via its program- E-Patashale.

The CSR initiative emphasized towards digital transformation of 7 schools in Thirthahalli, Shivamogga, Karnataka. Smart televisions with curriculum-based content for the following subjects- Science, Mathematics and English Grammar for children in Class 5-10 were installed at these schools. The curriculum was made available in English and Kannada languages. The content was designed with an intention to deliver interactive pedagogy through live experiments/assessments as well as an enriched educational environment. The teachers at these respective schools were trained on how to operate the TV and efficiently use the curated content. Digital training resources and teaching resources were also installed on the teachers' mobile phones for smooth accessibility.

The following schools were chosen by CLT Team after careful assessment and continuous co-ordination with Education Department of Karnataka.

GPUC Thirthahalli, Shivamogga  
GJC Girls Thirthahalli, Shivamogga  
GHPS Beguvalli, Shivamogga  
GJCHS Malur, Shivamogga  
GHPS Tudur, Shivamogga  
GHPS Malur, Shivamogga  
GHPS Nellisara Camp Mandagadde, Shivamogga

### 2. Composition of CSR Committee:

Sl. No.	Name of the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Mayank Poddar (Chairman)	Promoter, Non - Executive Director	1	1
2	Mr. Jens Holger Wohlthat	Promoter, Non - Executive Director	1	1
3	Mr. Sunil Mitra	Independent, Non-Executive Director	1	1
4	Mr. Rajive Kumaraswami	Managing Director & CEO	1	1

### 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition : <https://www.magmahdi.com/public-disclosures/other-disclosures/corporate-social-responsibility>

CSR Policy : <https://www.magmahdi.com/public-disclosures/other-disclosures/corporate-social-responsibility>

CSR projects : <https://www.magmahdi.com/public-disclosures/other-disclosures/corporate-social-responsibility>

### 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). The Company is not required to conduct Impact assessment study for its CSR projects.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set-off for the financial year, if any (in Rs.)
1	2022-23	Nil	Nil
2	2021-22	Nil	Nil
3	2020-21	Nil	Nil
<b>Total</b>		<b>Nil</b>	<b>Nil</b>

6. Average net profit of the company as per section 135(5): (Rs. 494.88 lakhs)  
However as per the IRDAI Corporate Governance Guidelines, Average net profit of the Company is Rs. 332.35 lakhs
7. (a) Two percent of average net profit of the company as per section 135(5): (Rs. 9.90 lakhs) as per Companies Act 2013.  
However as per the IRDAI Corporate Governance Guidelines, the Company was required to spend Rs. 6.65 lakhs
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. NIL
- (c) Amount required to be set off for the financial year, if any: NIL
- (d) Total CSR obligation for the financial year (7a+7b-7c): 6.65 lakhs\*
- \*The CSR obligation of the Company was Nil in terms of Section 135(5), but on account of the IRDAI Corporate Governance Guidelines, the Company is required to spend Rs. 6.65 lakhs against which Company has spent Rs. 7 lakhs.
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
7 lakhs	Nil	Nil	Nil	Nil	NIL

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	NA	NA	NA	NA	NA	NA	Nil	Nil	Nil	NA	NA	NA
<b>Total</b>		<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

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

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Amount spent for the project (in Rs.)	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration No.
1	To impart quality education to children in 7 government schools of Karnataka by e-pathasala program	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	No	Karnataka	Shivammoga	7 lakhs	No	Childrens Love Castles Trust	CSR00003465
<b>Total</b>						<b>7 lakhs</b>			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): 7.00 lakhs

(g) Excess amount for set off, if any: Nil

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	(9.90 lakhs)
(ii)	Total amount spent for the Financial Year	7 lakhs*
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

\*As per Companies Act 2013, the Company have not spent any amount under CSR. However, as per IRDAI Corporate Governance Guidelines, the Company has spent Rs. 7.00 lakhs towards CSR activities.

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer	
1	2019-20	Nil	Nil	Nil	Nil	Nil	Nil
2	2020-21	Nil	Nil	Nil	Nil	Nil	Nil
3	2021-22	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

\*Pursuant to the requirements of the CG guidelines and directions given by IRDAI, the Company has spent Rs. 2.44 lakhs and 3.48 lakhs for CSR activities for FY19 and FY20 respectively in the FY21, after obtaining approval of the CSR Committee by means of Resolution by Circulation.



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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs.)	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed / Ongoing
1	NA	NA	NA	NA	NIL	NIL	NIL	NA
2	NA	NA	NA	NA	NIL	NIL	NIL	NA
<b>Total</b>		<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NA</b>

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

- (a) Date of creation or acquisition of the capital asset(s). NA
- (b) Amount of CSR spent for creation or acquisition of capital asset. Nil
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NA
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). NA

For and on behalf of Magma HDI General Insurance Company Limited

**Rajive Kumaraswami**  
 Managing Director & CEO  
 DIN 07501971

Place: Mumbai  
 Date: 05 May 2023

**Mayank Poddar**  
 Chairperson CSR Committee  
 DIN 00009409

Place: Kolkata  
 Date: 05 May 2023

# Annexure C

Form No. MR-3

## Secretarial Audit Report

FOR THE YEAR ENDED 31 MARCH 2023

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,

### The Members

#### Magma HDI General Insurance Company Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Magma HDI General Insurance Company Limited [hereinafter called **'the Company'**] for the year ended 31 March 2023 [**"Period under Review"**] in terms of Audit Engagement Letter dated 21 June 2022. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/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 authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the period under review, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period under review, according to the provisions of applicable law provided hereunder:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder including any re-enactment thereof;
2. Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:
  - a. The Insurance Act, 1938
  - b. Insurance Regulatory and Development Authority ('IRDA') (Corporate Governance Guidelines), 2016
  - c. IRDA (Appointed Actuary) Regulations, 2017 read with IRDA (Appointed Actuary) Regulations, 2022
  - d. IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (as amended in 2021)
  - e. IRDA (Assets, Liabilities, and Solvency Margin of Insurers) Regulations, 2016 read with IRDA (Assets, Liabilities, and Solvency Margin of Insurers) Regulations, 2022
  - f. IRDA (Obligations of Insurers to Rural and Social Sectors) Regulations, 2015
  - g. IRDA (Loans or Temporary advances to the full-time Employees of the Insurers) Regulations, 2016
  - h. IRDA (Insurance Web Aggregators) Regulations, 2017
  - i. IRDA (Sharing of Database for Distribution of Insurance Products) Regulations, 2010
  - j. IRDA (Maintenance of Insurance Records) Regulations, 2015
  - k. IRDA (Manner of Receipt of Premium) regulations, 2002
  - l. IRDA (Obligation of Insurer in respect of Motor Third Party Insurance Business) Regulations 2015
  - m. Master Guidelines on Anti-Money Laundering/Counter Financing of Terrorism, 2022
  - n. IRDA (Place of Business) Regulations, 2015
  - o. Public Disclosures by Insurers, 2021
  - p. IRDA (Transfer of Equity Shares of Insurance Companies) Regulations, 2015
  - q. IRDA (General Insurance - Reinsurance) Regulations, 2018
  - r. IRDA (Insurance Advertisements and Disclosure) Regulations, 2021
  - s. Indian Insurance Companies (Foreign Investment) Rules, 2015 (as amended in 2021)
  - t. IRDA (Registration of Indian Insurance Companies) Regulations, 2000 read with IRDA (Registration of Indian Insurance Companies) Regulations, 2022
  - u. IRDA (Protection of Policyholder's Interests) Regulations, 2017
  - v. IRDA (Investment) Regulations, 2016
  - w. BAP Compliances
  - x. KYC- Aadhar Guidelines
  - y. Guidelines on Insurance Claims of Victims of Cyclone Floods

- z. Guidelines on Information and Cyber Security for insurers
  - aa. IRDA (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016
  - ab. Clarifications on Guidelines on insurance e-commerce and electronic issuance of insurance policies
  - ac. Guidelines on Stewardship Code for Insurers in India; and
  - ad. COVID-19 Response

We have also examined compliance with the applicable clauses of the Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India.

### Management Responsibility:

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

We report that during the Audit Period, the Company has complied with the provisions of the Act, 2013, rules, regulations, guidelines, standards etc. mentioned above subject to the observations mentioned in this report.

**We further report that** having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on **test-check basis**, the Company has complied with the laws applicable specifically to the Company, except for the following matters on which we lay our emphasis ("**Emphasis of Matters**"):

#### a. Increase in expenses of management ("EoM") beyond permissible limits

As per the information provided to us, as on January 2023, the Company has exceeded allowable EoM limits by Rs. 200.52 crs. The allowable limit is 33.06% against actual expenses of 42.18%, an excess of 9.12%. The same attracts violation of Section 40C of the Insurance Act read with IRDA (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016. The Company has applied to IRDAI seeking forbearance for the same.

### We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Director and Independent Directors, and the Company has complied with all formalities related to the appointment except for the appointment of an independent woman director as specified in the observations provided in this report.

Adequate notice is given to all directors to schedule the Board Meetings and Committee meetings, agenda and detailed notes on agenda were sent at least seven days in advance and for meetings held on a shorter notice, the requisite consent of the directors was obtained, 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.

All the decisions were unanimous and there was no instance of dissent in Board or Committee Meetings.

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

Based on information provided by the Company and its officers during the conduct of audit and also on the review of quarterly compliance reports taken on record by the Board of Directors of the Company, in our opinion adequate systems and processes and control mechanisms exist in the Company to monitor and ensure compliance with applicable other general laws.

**We further report that** during the period under review, the Company has not undertaken any specific events/actions that can have a major bearing on the Company's compliance responsibility in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as follows:

#### a. Change in Company Secretary

During the period under review, Ms. Sweta Bharucha was appointed as Company Secretary of the Company with effect from 29 April 2022, owing to the resignation of Mr. Gufran Ahmed Siddiqui, the former Company Secretary with effect from 02 March 2022. The same was approved by the Board of the Company, pursuant to the recommendations of the Nomination and Remuneration Committee and requisite forms were filed within the due date.

#### b. Updates on the capital raise by the Company by way of issuance of Equity Shares on preferential basis and other changes in shareholding of promoter group

- The Board of the Company had approved external fundraise of Rs. 250 crores by way of primary issuance as well as secondary market transaction and an application for the approval of the same was submitted to IRDA on 26 March 2021. However, the said application has been withheld by IRDAI during the period under review.
- The Board of the Company, in its meeting held on 28 February 2022 had approved issuance of 56,060,000 Equity shares having Face Value of Rs.10/- each at a price of Rs. 80.258 per share including Premium of Rs. 70.258 per share on Preferential basis to Sanoti Properties LLP ('Sanoti'), subject to the approval of the shareholders of the Company and the IRDA. The IRDA granted its approval **vide** a letter dated 27 May 2022, subsequent to which shareholders' approval was obtained by way of a special resolution dated 30 May 2022. Pursuant to the said issuance, Sanoti acquired 26.598% shareholding in the Company and classified as a promoter shareholder.

- The IRDAI also approved the transfer of equity shares of Poonawalla Fincorp Ltd and Serum Institute of India Pvt Ltd to Sanoti.
- The Board, in its meeting held on 09 November 2022, has approved issuance of 3,52,92,000 equity shares of the Company of face value Rs. 10 per share at a premium of Rs. 70.44 per share to Sanoti on a preferential basis, subject to the approval of IRDAI and the shareholders of the Company. The approval of IRDAI and shareholders were received on 30 March 2023.

**c. Alteration in the Articles of Association of the Company**

During the period under review, pursuant to the various restructuring in the promoter shareholding of the Company, various shareholders' agreements of which the Company had been a part of, were amended. Further, certain new shareholders' agreements have been entered into during the year. The Articles of Association of the Company was amended to incorporate the aforesaid changes with the approval of the shareholders of the Company in an Extra-Ordinary General Meeting dated 29 November 2022.

Place: Kolkata  
Date: 05 May 2023

**For M/s Vinod Kothari & Company**  
Practicing Company Secretaries  
Unique Code: P1996WB042300

**Pammy Jaiswal**  
Partner  
Membership No.: A48046  
CP No.: 18059  
UDIN: A048046E000272261  
Peer Review Certificate No.: 781/2020



## Annexure I

### ANNEXURE TO SECRETARIAL AUDIT REPORT

To,

**The Members,**

**Magma HDI General Insurance Company Limited**

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit. The list of documents for the purpose, as seen by us, is listed in **Annexure II**;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. Our Audit examination is restricted only upto legal compliances of the applicable laws to be done by the Company, we have not checked the practical aspects relating to the same.
4. Given the challenges and limitations posed by COVID-19, lockdown restrictions (wherever applicable), as well as considering the effectiveness of information technology tools in the audit processes, we have conducted online verification and examination of records, as facilitated by the Company, for the purpose of issuing this Report. In doing so, we have followed the guidance as issued by the Institute.
5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.
6. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
7. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure **on test basis and sample basis**.
8. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.
9. The contents of this Report has to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/to be furnished by any other auditor(s)/agencies/authorities with respect to the Company.
10. 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.

## Annexure II: List of Documents

1. Minutes of the following Meetings:
  - i. Board Meeting
  - ii. Audit Committee
  - iii. Nomination and Remuneration Committee
  - iv. Investment Committee
  - v. Risk Management Committee
  - vi. Policyholders' Protection Committee
  - vii. General Meetings
2. Annual Report FY22
3. Disclosures under the Act and as per IRDA Guidelines on sample basis
4. Policies framed under the Act and IRDA Guidelines
5. Forms and returns filed with the ROC and IRDA on sample basis
6. Registers maintained under Act and as per IRDA on sample basis
7. Compliance certificates and internal audit reports placed before the Board till the 3<sup>rd</sup> quarter

# Report on Corporate Governance

## Philosophy on the Code of Corporate Governance

Magma HDI General Insurance Company Limited is fully committed to follow sound corporate governance practices and uphold the highest business standards in conducting business. The Company will endeavour to enhance the economic value, trust and confidence of all its stakeholders through good Corporate Governance practices. Every effort is made to follow the best practices in all the functional areas and in discharging the Company's responsibilities towards all stakeholders and the community at large.

The Company is governed by Insurance Regulatory & Development Authority of India (IRDAI) and hence is complying with the 'Corporate Governance Guidelines' issued by the Regulator. The report on the Company's Corporate Governance is as under:

## Board of Directors

The composition of the Board of Directors is in compliance with the provisions of the Companies Act, 2013 read with Rules made thereunder and is in accordance with the Corporate Governance Guidelines prescribed by the IRDAI for insurance companies ("applicable laws"). The Board of Directors of the Company consists of eight (8) Directors, comprising of four (4) Independent Directors (including one (1) woman director), three (3) Non - Executive Directors and one (1) Executive Director. The Chief Executive Officer of the Company, who is also the Managing Director, is an executive member of the Board. All other Directors including the Chairman are Non-Executive Directors and none of the Independent Directors are relative of any other Director or employee of the Company. The declaration as required under Corporate Governance Guidelines for fit and proper criteria has been obtained from all the Directors of the Company.

All the members of the Board are eminent persons with significant expertise in the fields of accountancy, banking, finance, strategy, insurance and economics. The Company is immensely benefitted by the range of experience and skills that the Directors bring to the Board.

During the year, the Board of Directors on the recommendation of Nomination and Remuneration Committee has appointed Ms. Sandhya Sharma (DIN 02005378) as an Additional Director (Woman Director) of the Company in the capacity of Independent Non-Executive Director of the Company for a period of 5 years starting 08 November 2022.

## The composition of the Board of Directors as on 31 March 2023 is as follows:

Sl. No.	Name of the Director	DIN	Qualification	Field of Specialization	Category	No. of other Directorships
1	Mr. Sanjay Chamria (Chairman)	00009894	B.Com (H), FCA	Finance	Promoter, Non-Executive Director	3
2	Mr. Jens Holger Wohlthat (Vice Chairman)	05245642	Versicherungs-fachwirt (nearest to ACII in India)	Insurance	Promoter, Non-Executive Director	7
3	Mr. Mayank Poddar	00009409	B.Com.	Finance	Promoter, Non-Executive Director	7
4	Mr. Kailash Nath Bhandari	00026078	B.A.L.L.B.	Insurance	Independent, Non-Executive Director	9
5	Mr. Sunil Mitra	00113473	B.SC, IAS	Finance & Economics	Independent, Non-Executive Director	6
6	Mr. V. K. Viswanathan	01782934	B.Com., FCA	Finance & Industry	Independent, Non-Executive Director	7
7.	Ms. Sandhya Sharma	02005378	B.Com, Masters in Management Studies	Finance	Independent, Non-Executive Director	0
8.	Mr. Rajive Kumaraswami (Managing Director & CEO)	07501971	B.Com, FCA, ACMA	Insurance	Professional, Executive Director	0

## Responsibilities of the Directors

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 applicable laws.

## Role of Independent Directors

The Independent Directors bring an independent judgement to bear on the Board's deliberations 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 be determined 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

Being the apex body constituted by the shareholders for overseeing the functioning of the Company, the Board evaluates all the strategic decisions on the basis of collective consensus amongst the Directors. During the FY23, the Board of Directors met eight (8) times on 29 April 2022, 30 May 2022, 28 July 2022, 09 November 2022, 19 January 2023, 30 March 2023 and 31 March 2023 (2 Board meetings on March 31 2023). The maximum gap, in between two meetings, was not more than 120 days and the required information was made available to the Board. Following table sets out the details of attendance of Directors at the Board Meetings:

Name of the Director	Nature of Directorship	Designation in the Board	Meeting dated 29 Apr 2022	Meeting dated 30 May 2022	Meeting dated 28 Jul 2022	Meeting dated 09 Nov 2022	Meeting dated 19 Jan 2023
Mr. Sanjay Chamria	Promoter, Non-Executive Director	Chairman	Absent	Present	Present	Present	Present
Mr. Jens Holger Wohlthat	Promoter, Non-Executive Director	Vice-Chairman	Present	Present	Present	Present	Present
Mr. Mayank Poddar	Promoter, Non-Executive Director	Member	Present	Present	Present	Present	Present
Mr. Kailash Nath Bhandari	Independent, Non-Executive Director	Member	Present	Present	Present	Present	Present
Mr. Sunil Mitra	Independent, Non-Executive Director	Member	Present	Present	Present	Present	Present
Mr. V. K. Viswanathan	Independent, Non-Executive Director	Member	Present	Present	Present	Present	Present
Ms. Sandhya Sharma*	Independent, Non-Executive Director	Member	NA	NA	NA	Present	Present
Mr. Rajive Kumaraswami	Managing Director & CEO	Member	Present	Present	Present	Present	Present

\*Appointed w.e.f. 08 November 2022

Name of the Director	Nature of Directorship	Designation in the Board	Meeting dated 30 Mar 2023	Meeting dated 31 Mar 2023	Meeting dated 31 Mar 2023
Mr. Sanjay Chamria	Promoter, Non-Executive Director	Chairman	Present	Present	Present
Mr. Jens Holger Wohlthat	Promoter, Non-Executive Director	Vice-Chairman	Present	Present	Present
Mr. Mayank Poddar	Promoter, Non-Executive Director	Member	Present	Absent	Present
Mr. Kailash Nath Bhandari	Independent, Non-Executive Director	Member	Present	Present	Present
Mr. Sunil Mitra	Independent, Non-Executive Director	Member	Present	Present	Present
Mr. V. K. Viswanathan	Independent, Non-Executive Director	Member	Present	Present	Present
Ms. Sandhya Sharma*	Independent, Non-Executive Director	Member	Present	Present	Present
Mr. Rajive Kumaraswami	Managing Director & CEO	Member	Present	Present	Present

\*Appointed w.e.f. 08 November 2022

Detailed agenda is circulated to the Directors in advance. All material information is incorporated in the agenda for facilitating meaningful and focused discussion at the meetings.

All the Meetings of the Board of Directors of the Company were held through Audio-Visual Means/Video-Conferencing by using the Platform provided by Zoom. All the rules and regulations relating to conduct of meeting through Audio-Visual Means/video conferencing were duly complied with.

### Remuneration of Directors

The Independent Directors are paid sitting fees of Rs. 1,00,000/- each, for every meeting of the Board, Audit Committee, Nomination & Remuneration Committee and Risk Management Committee attended by them and Rs. 30,000/- each for every meeting of the Investment Committee, Policyholders' Protection Committee and Independent Directors' attended by them. Non-Executive Directors are not paid any sitting fees. The details of the remuneration paid to the Directors during the Financial Year ended 31 March 2023 are given below:

(Rs. in lakhs)

Sl. No.	Name of the Director	Salary & Perquisites*	Sitting Fees	Total
1	Mr. Sanjay Chamria	-	-	-
2	Mr. Jens Holger Wohlthat	-	-	-
3	Mr. Rajive Kumaraswami	424.38	-	424.38
4	Mr. Mayank Poddar	-	-	-
5	Mr. Kailash Nath Bhandari	-	24.70	-
6	Mr. Sunil Mitra	-	19.50	-
7	Mr. V. K. Viswanathan	-	24.70	-
8	Ms. Sandhya Sharma**	-	8.90	-

\*Includes basic salary, incentives, allowances, contribution to provident fund, ESOP, leave encashment and other perquisites

\*\*Appointed w.e.f. 08 November 2022

### Separate Meeting of Independent Directors

Pursuant to requirements of the applicable laws, Independent Directors of the Company met on 20 March 2023, without having presence of Non-Executive Directors, Executive Directors and the Management of the Company. At this Meeting, the Independent Directors *inter-alia* had:

- Reviewed the performance of Non-Independent Directors & the Board as a whole
- Reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors
- Assessed the quality, quantity and timeliness of flow of information between the Company management & the Board that is necessary for the Board to effectively & reasonably perform their duties

All the Independent Directors were present at the meeting.



## Committees of the Board of Directors:

### Constitution & Composition

The Board has constituted six Committees viz. Audit Committee, Risk Management Committee, Policyholders' Protection Committee, Investment Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee which are mandatorily required under the IRDAI Corporate Governance Guidelines. The Board has also constituted one non-mandatory Committee viz. Management Committee. The terms of reference of the mandatory Committees are in accordance with the requirements set out in the IRDAI Corporate Governance Guidelines and the Companies Act, 2013 and that of the non-mandatory Committee are decided by the Board. Minutes of the Committee meetings are placed before the Board for its information and noting.

#### 1. Audit Committee

The Audit Committee has been constituted pursuant to provisions of Section 177 of the Companies Act, 2013 and Corporate Governance Guidelines issued by IRDAI.

##### a. Terms of Reference

Terms of reference of the Committee, inter alia, includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
2. Recommend the appointment, replacement or removal, remuneration and terms of appointment of auditors of the company
3. Approve rendering of services by the statutory auditor other than those expressly barred under section 144 of Companies Act, 2013 and remuneration for the same
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions (AS 18 of ICAI and IRDAI guidelines); and
  - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval and secure the Certificate from CFO and/or auditors which will be in line with the IRDAI Regulations
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter

The senior management personnel are invited to the meetings of the Audit Committee, along with the Head of Internal Audit. As per the IRDAI Corporate Governance Guidelines, the association of the Managing Director & CEO in the Audit Committee is limited to eliciting any specific information concerning audit findings.

##### b. Composition

Mr. Sunil Mitra, an Independent Director, is the Chairman of the Committee. Mr. V. K. Viswanathan, Mr. Kailash Nath Bhandari, Independent Directors, Mr. Jens Holger Wohlthat and Mr. Sanjay Chamria, Non-Executive Directors are the other members of the Audit Committee. All the Non-Executive members of the Audit Committee are financially literate and Mr. Sunil Mitra, Chairman of the Committee has strong financial analysis background, as required under Corporate Governance Guidelines issued by IRDAI. The Committee may invite any person to be in attendance to assist in its deliberations. The Company Secretary acts as a Secretary to the Committee.

### c. Meetings and the attendance during the year

The Audit Committee met Four (4) times during the year on 29 April 2022, 28 July 2022, 09 November 2022, 19 January 2023 and 30 March 2023. Following table sets out the particulars of attendance of members of the Committee at various meetings:

Name of the Director	Nature of Directorship	Designation in the Board	Meeting dated 29 Apr 2022	Meeting dated 28 Jul 2022	Meeting dated 09 Nov 2022	Meeting dated 19 Jan 2023
Mr. Sunil Mitra	Independent, Non-Executive Director	Chairman	Present	Present	Present	Present
Mr. Sanjay Chamria	Promoter, Non-Executive Director	Member	Absent	Present	Present	Present
Mr. V. K. Viswanathan	Independent, Non-Executive Director	Member	Present	Present	Present	Present
Mr. Kailash Nath Bhandari	Independent, Non-Executive Director	Member	Present	Present	Present	Present
Mr. Jens Holger Wohlthat	Promoter, Non-Executive Director	Member	Present	Present	Present	Present

Name of the Director	Nature of Directorship	Designation in the Board	Meeting dated 30 Mar 2023
Mr. Sunil Mitra	Independent, Non-Executive Director	Chairman	Present
Mr. Sanjay Chamria	Promoter, Non-Executive Director	Member	Present
Mr. V. K. Viswanathan	Independent, Non-Executive Director	Member	Present
Mr. Kailash Nath Bhandari	Independent, Non-Executive Director	Member	Present
Mr. Jens Holger Wohlthat	Promoter, Non-Executive Director	Member	Present

## 2. Investment Committee

The Investment Committee has been constituted pursuant to IRDAI Corporate Governance Guidelines and IRDAI Regulations read with its circular/notification/Guidelines as amended from time to time.

### a. Terms of reference

Terms of reference of the Committee, *inter - alia*, are as follows:

1. Make loans & investments as per Companies Act, 2013
2. Frame the Investment Policy to Invest the Policy holders Funds, subject to approval and periodical review by Board.
3. Lay down the Operational Framework for investment operations.
4. Focus on prudential Asset Liability Management supported by internal controls.
5. Ensure the compliance of IRDAI Investment Regulations/Policy/Guidelines and Circulars.
6. Submit quarterly performance report to the Board.
7. Comply with the policies set by internal and statutory auditors.
8. Lay down norms in terms of types of investment, exposure limits to group companies and limits on investment in any single industry sector.
9. Ensure the maintenance of solvency margins at all times, take due care to maintain exposure norms.
10. Review of investment decisions through use the due diligence and not merely rely on credit ratings.

### b. Composition

Mr. Kailash Nath Bhandari, an Independent Director, is the Chairman of the Investment Committee, with Mr. Rajive Kumaraswami, MD & CEO, Mr. Jens Holger Wohlthat, Mr. Sanjay Chamria, Mr. V. K. Viswanathan. Mr. Gaurav Parasrampur, Chief Financial Officer, Mr. Jinesh Shah, Chief Investment Officer, Mr. Amit Bhandari, Chief Technical Officer, Mr. Kishore Khanchandani, Chief Risk Officer and Mr. Shivendra Tripathi, Appointed Actuary are also other members of the Investment Committee.

### c. Meeting and the attendance during the year

The Investment Committee met five (5) times during the year on 29 April 2022, 28 July 2022, 09 November 2022 and 19 January 2023 to look into the various aspects of Investment operation and to monitor the same. Following table sets out the particulars of attendance of members of the Investment Committee at various meetings:

Name of the Director	Nature of Directorship	Designation in the Board	Meeting dated 29 Apr 2022	Meeting dated 28 Jul 2022	Meeting dated 09 Nov 2022	Meeting dated 19 Jan 2023
Mr. Kailash Nath Bhandari	Independent, Non-Executive Director	Chairman	Present	Present	Present	Present
Mr. Sanjay Chamria	Promoter, Non-Executive Director	Member	Absent	Present	Present	Present
Mr. Jens Holger Wohlthat	Promoter, Non-Executive Director	Member	Present	Present	Present	Present
Mr. V. K. Viswanathan	Independent, Non-Executive Director	Member	Present	Present	Present	Present
Mr. Rajive Kumaraswami	Managing Director & CEO	Member	Present	Present	Present	Present
Mr. Gaurav Parasrampuria	Chief Financial Officer	Member	Present	Present	Present	Present
Mr. Amit Bhandari	Chief Technical Officer & Chief Risk Officer*	Member	Present	Present	Present	Present
Mr. Jinesh Shah	Chief Investment Officer	Member	Present	Present	Present	Present
Mr. Shivendra Tripathi	Appointed Actuary	Member	Present	Present	Present	Present
Mr. Kishore Khanchandani*	Chief Risk Officer	NA	NA	NA	NA	Present

\*W.e.f. 01 January 2023, Mr. Kishore Khanchandani was appointed as Chief Risk Officer and the designation of Mr. Amit Bhandari was revised to Chief Technical Officer.

## 3. Policyholders' Protection Committee

The Policyholders' Protection Committee has been constituted pursuant to the IRDAI Corporate Governance Guidelines.

### a Terms of reference

Terms of reference of the Committee are as follows:

1. Recommend Policy on customer education for approval of the Board and ensure proper implementation of the same.
2. Adopt standard operating procedures to treat the customer fairly including time-frames for policy and claims servicing parameters and monitoring implementation thereof.
3. Establish policies and procedures, for the creation of a dedicated unit to deal with customer complaints and resolve disputes expeditiously
4. Establish effective mechanism to address complaints and grievances of Policyholders including mis-selling by intermediaries.
5. Put systems in place to systems to ensure that Policyholders have access to redressal mechanisms
6. Put in place a framework for review of awards given by Insurance Ombudsman/Consumer Forums. Analyse the root cause of customer complaints, identify market conduct issues and advise the management appropriately about rectifying systemic issues, if any.
7. Review all the awards given by Insurance Ombudsman/Consumer Forums remaining unimplemented for more than three (3) months with reasons therefor and report the same to the Board for initiating remedial action, where necessary.
8. Review the measures and take steps to reduce customer complaints at periodic intervals.
9. Ensure compliance with the statutory requirements as laid down in the regulatory framework.
10. Ensure adequacy of disclosure of "material information" to the Policyholders. These disclosures shall comply with the requirements laid down by the Authority both at the point of sale and at periodic intervals.
11. Provide details of grievances at periodic intervals in such formats as may be prescribed by the Authority.
12. Ensure that details of insurance ombudsmen are provided to the Policyholders.
13. Review of Claims Report, including status of Outstanding Claims with ageing of outstanding claims.
14. Reviewing Repudiated claims with analysis of reasons.
15. Review status of settlement of other customer benefit payouts like Surrenders, Loan, Partial withdrawal requests etc.
16. Review of unclaimed amounts of Policyholders, as required under the Circulars and guidelines issued by the Authority.
17. Report to the Board, a status on the Policyholders' protection issues.

## b Composition

Mr. Kailash Nath Bhandari, an Independent Director, is the Chairman of the Policyholders' Protection Committee. Mr. Rajive Kumaraswami, MD & CEO, Mr. Sunil Mitra, Ms. Sandhya Sharma and Mr. V. K Viswanathan being the other Directors members thereof. Ms. Aditi Ray has also been appointed as the expert/representative of customers pursuant to IRDAI Corporate Governance Guidelines for Insurers in India, 2016. She attends the Policyholders' Protection Committee Meetings as an invitee and she has attended 2 meetings out of 4 during the year.

## c Meeting and the attendance during the year

The Committee met four (4) times during the year on 29 April 2022, 28 July 2022, 09 November 2022 and 19 January 2023. Following table sets out the particulars of attendance of members of the Policyholders' Protection Committee at the said meetings:

Name of the Director	Nature of Directorship	Designation in the Board	Meeting dated 29 Apr 2022	Meeting dated 28 Jul 2022	Meeting dated 09 Nov 2022	Meeting dated 19 Jan 2023
Mr. Kailash Nath Bhandari	Independent, Non-Executive Director	Chairman	Present	Present	Present	Present
Mr. Sunil Mitra	Independent, Non-Executive Director	Member	Present	Present	Present	Present
Mr. V. K. Viswanathan	Independent, Non-Executive Director	Member	Present	Present	Present	Present
Ms. Sandhya Sharma*	Independent, Non-Executive Director	Member	NA	NA	Present	Present
Mr. Rajive Kumaraswami	Managing Director & CEO	Member	Present	Present	Present	Present
Ms. Aditi Ray	Customer Representative	Member	Present	Absent	Absent	Present

\*Appointed w.e.f. 08 November 2022

## 4. Risk Management Committee

The Risk Management Committee (RMC) has been constituted pursuant to IRDAI Corporate Governance Guidelines.

### a Terms of reference

Terms of reference of the Committee, *inter-alia*, are as follows:

1. Establish effective Risk Management framework and recommend to the Board the Risk Management policy and processes for the organization.
2. Set the risk tolerance limits and assess the cost and benefits associated with risk exposure.
3. Review the Company's risk-reward performance to align with overall policy objectives.
4. Discuss and consider best practices in risk management in the market and advise the respective functions.
5. Assist the Board in effective operation of the risk management system by performing specialized analyses and quality reviews.
6. Maintain an aggregated view on the risk profile of the Company for all categories of risk including insurance risk, market risk, credit risk, liquidity risk, operational risk, compliance risk, legal risk, reputation risk, etc.
7. 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.
8. Report to the Board, details on the risk exposures and the actions taken to manage the exposures; review, monitor and challenge where necessary, risks undertaken by the Company.
9. Review the solvency position of the Company on a regular basis.
10. Monitor and review regular updates on business continuity.
11. Formulation of a Fraud monitoring policy and framework for approval by the Board.
12. Monitor implementation of Anti-fraud Policy for effective deterrence, prevention, detection and mitigation of frauds.
13. Review compliance with the guidelines on Insurance Fraud Monitoring Framework dated 21 January 2013, as amended, issued by the Authority.

### **Additional TOR of RMC in lieu of Asset Liability Management Committee**

1. Setting the Company's risk/reward objectives and assessing Policyholder expectations.
2. Quantifying the level of risk exposure (eg. market, credit and liquidity) and assessing the expected rewards and costs associated with the risk exposure
3. Formulating and implementing optimal ALM strategies and meeting risk-reward objectives at both product and enterprise level.
4. Ensuring that liabilities are backed by appropriate assets and manage mismatches between assets and liabilities to ensure they remain within acceptable monitored tolerances for liquidity, solvency and the risk profile of the entity.



5. Monitoring risk exposures at periodic intervals and revising ALM strategies where required. Reviewing, approving and monitoring systems, controls and reporting used to manage balance sheet risks including any mitigation strategies.
6. Regular review and monitoring of mismatch between assets and liabilities and the acceptable tolerance limits for mismatch, if any.
7. Ensuring that management and valuation of all assets and liabilities comply with standards, prevailing legislation and internal and external reporting requirements.
8. Submitting the ALM information before the Board at periodic intervals. Annual review of strategic asset allocation.
9. Reviewing key methodologies and assumptions including actuarial assumptions, used to value assets and liabilities.
10. Managing capital requirements at the company level using the regulatory solvency requirements.
11. Reviewing, approving and monitoring capital plans and related decisions over capital transactions (e.g. dividend payments, acquisitions, disposals, etc).

**b Composition**

Mr. Jens Holger Wohlthat, Non-Executive Director is the Chairman of the Risk Management Committee. Mr. Sanjay Chamria, Non- Executive Director, Mr. Kailash Nath Bhandari, Mr. V. K. Viswanathan and Mr. Rajive Kumaraswami, MD & CEO being the other Director members thereof.

**c Meeting and the attendance during the year**

The Risk Management Committee met four (4) times during the year on 29 April 2022, 28 July 2022, 09 November 2022 and 19 January 2023. Following table sets out the particulars of attendance of members of the Risk Management Committee at the said meetings:

Name of the Director	Nature of Directorship	Designation in the Board	Meeting dated 29 Apr 2022	Meeting dated 28 Jul 2022	Meeting dated 09 Nov 2022	Meeting dated 19 Jan 2023
Mr. Jens Holger Wohlthat	Promoter, Non-Executive Director	Chairman	Present	Present	Present	Present
Mr. Sanjay Chamria	Promoter, Non-Executive Director	Member	Absent	Present	Present	Present
Mr. V. K. Viswanathan	Independent, Non-Executive Director	Member	Present	Present	Present	Present
Mr. Kailash Nath Bhandari	Independent, Non-Executive Director	Member	Present	Present	Present	Present
Mr. Rajive Kumaraswami	Managing Director & CEO	Member	Present	Present	Present	Present

**5. Nomination & Remuneration Committee**

- a. The Nomination & Remuneration Committee (NRC) is constituted in accordance with the provisions of applicable laws.
- b. Terms of Reference

Terms of reference of the Committee, *inter-alia*, includes the following:

1. Devising a Policy on Board diversity and recommending the size and an optimum mix of promoter directors, executive, independent and non-independent directors keeping in mind the needs of the Company.
2. Formulate criteria for:
  - a. Determining qualifications, positive attributes and independence of a director
  - b. Evaluation of independent directors and the Board
3. Identifying, evaluating and recommending to the Board:
  - a. Persons who are qualified for appointment as Independent and Non-Executive Directors/Executive Directors/Whole time Directors/Managing Directors in accordance with the criteria laid down
  - b. Appointment of Senior Management Personnel (all the Direct Reportees to the Managing Director) in accordance with the criteria laid down
  - c. Removal of Directors and Senior Management Personnel.
4. Determining processes for evaluating the skill, knowledge, experience, effectiveness and performance of individual directors as well as the Board as a whole
5. Recommending Budget for Board related expenses
6. To devise a Policy on remuneration including any compensation related payments of the directors, key managerial personnel and other employees and recommend the same to the Board of Directors of the Company
7. Based on the Policy as aforesaid, determine remuneration packages for the following:
  - a. Recommend remuneration package of the Directors of the Company, including Sitting Fees and other expenses payable to Non-Executive Directors of the Company
  - b. Recommend changes in compensation levels and one time compensation related payments in respect of Managing Director/Whole-time Director/Executive Director
  - c. Approve remuneration packages and service contract terms of Senior Management (all the Direct Reportees to the Managing Director) including the structure, design and target setting for short and long term incentives/bonus
  - d. Approve framework and broad policy in respect of all Employees for increments

8. ESOPs - approve subscription and allotment of shares to the eligible employees under the shareholders approved ESOP Schemes
9. Contracting Professional help to advise the Committee on matters relating to the terms of reference of the Committee requiring independent input from outside experts
10.
  - a. Recommend & Review succession plans for Managing Directors
  - b. Review and approve succession plans for Senior Management (all the Direct Reportees) to the MD
11. Conduct annual review of the Committee's performance and effectiveness at the Board level.
12. Selection and appointment of relatives of directors to office or place of profit in the Company. Powers as may be delegated by the Board of Directors from time to time subject to the provisions of the Memorandum of Association & Articles of Association of the Company, the Companies Act, 2013 and other applicable laws.

**c Composition**

The Committee comprises of Mr. Sunil Mitra, Mr. V. K. Viswanathan, Ms. Sandhya Sharma and Mr. Kailash Nath Bhandari Non-Executive & Independent Directors and Mr. Sanjay Chamria, Mr. Jens Holger Wohlthat, Mr. Mayank Poddar, Non-Executive Directors and Mr. Rajive Kumaraswami Managing Director and Chief Executive Officer. The Committee is chaired by Mr. Sunil Mitra, an Independent Director.

**d Meeting and the attendance during the year**

The NRC met Five (5) times during the year on 29 April 2022, 03 June 2022, 28 July 2022, 09 November 2022 and 19 January 2023. Following table sets out the particulars of attendance of members of the Committee at various meetings.

Name of the Director	Nature of Directorship	Designation in the Board	Meeting dated 29 Apr 2022	Meeting dated 03 Jun 2022	Meeting dated 28 Jul 2022	Meeting dated 09 Nov 2022	Meeting dated 19 Jan 2023
Mr. Sunil Mitra	Independent, Non-Executive Director	Chairman	Present	Present	Present	Present	Present
Mr. V. K. Viswanathan	Independent, Non-Executive Director	Member	Present	Present	Present	Present	Present
Mr. Sanjay Chamria	Promoter, Non-Executive Director	Member	Absent	Present	Present	Present	Present
Mr. Jens Holger Wohlthat	Promoter, Non-Executive Director	Member	Present	Present	Present	Present	Present
Mr. Kailash Nath Bhandari	Independent, Non-Executive Director	Member	Present	Present	Present	Present	Present
Mr. Mayank Poddar	Promoter, Non-Executive Director	Member	Present	Absent	Present	Present	Present
Ms. Sandhya Sharma*	Independent, Non-Executive Director	Member	NA	NA	NA	Present	Present

\*Appointed w.e.f. 08 November 2022

**6. Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee has been constituted pursuant to the IRDAI Corporate Governance Guidelines and Companies Act, 2013.

**a Terms of reference**

Terms of reference of the Committee are as follows:

1. Formulation and ensuring compliance of CSR Policy
2. Recommendation of the CSR budget and annual action plan of the Company
3. Approving the CSR activities and the geographic distribution of CSR
4. Identifying manner of CSR implementation
5. Execution, implementation, monitoring and reporting of CSR activities
6. Review of CSR expenditure of the Company
7. Recommend the Annual Report on CSR activities of the Company to the board for adoption
8. Such other acts as may be delegated by the Board from time to time

## b Composition

Mr. Mayank Poddar, Non-Executive Director, is the Chairman of the Corporate Social Responsibility Committee. Mr. Jens Holger Wohlthat, Non-Executive Director, Mr. Sunil Mitra, Independent Director and Mr. Rajive Kumaraswami, MD & CEO being the other Directors members thereof.

## c Meeting and the attendance during the year

The Corporate Social Responsibility Committee met one (1) time during the year on 19 January 2023. Following table sets out the particulars of attendance of members of the Committee at various meetings.

Name of the Director	Nature of Directorship	Designation in the Board	Meeting dated 19 Jan 2023
Mr. Mayank Poddar	Promoter, Non-Executive Director	Chairman	Present
Mr. Jens Holger Wohlthat	Promoter, Non-Executive Director	Member	Present
Mr. Sunil Mitra	Independent, Non-Executive Director	Member	Present
Mr. Rajive Kumaraswami	Managing Director & CEO	Member	Present

## 7. Management Committee of the Board

### a Terms of Reference

Terms of reference of the Committee, *inter - alia*, includes the following:

- To do all such acts, deeds and things and decide on all such matters relating to signing and filing of application/execution/registration of Lease Agreement/Electricity/telephone connection/State Electricity Board/obtaining Trade License and Certificate under Shops and Establishment Act/telephone and transferring old as well as new connection for the purpose of the business of the Company and for this purpose issue various Power of Attorneys in favour of such person or persons as the Committee may deem fit and proper for legal and administrative purposes from time to time.
- To authorise such person or persons as the Committee may deem fit and proper to appear on behalf of the Company before various regulatory and law enforcing authorities/court/government department/local administration or authority/market intermediaries under applicable laws, rules and regulations and submit documents undertaking, affidavits, papers etc.
- To authorize such person or persons as the Committee may deem fit and proper in relation to Provident Fund, Employee State Insurance matters, Professional Tax, National Pension System and also to comply with statutory matters in relation to Value Added Tax, Goods and Services Tax, and other statutory authorities.
- To do all such acts, deeds and things and decide on all such matters relating to Opening and Closing of Current/Cash Credit/Demat Account and Inclusion and Deletion of the Authorised Signatories to the said Current/Cash Credit/Demat Account opened in the name of the Company for the purpose of the business of the Company and availing various services viz. viewing facility, cash management services etc. in respect of these Accounts.
- To issue Power of Attorney(s) in favour of such persons as it may be deemed to be fit and expedient to act as true and lawful Attorney of the Company to, *inter alia*, represent, the Company before the courts, civil or criminal, tribunals, quasi-judicial and statutory authorities and such other forums (the 'Authorities'), to verify all plaints, written statements, and other pleadings, applications, petitions or documents to be submitted to such Authorities; to receive and acknowledge notice(s) and to consent or submit to or appeal against, any judgment, order or award in any such suit, criminal case including complaints, action or proceedings before such Authorities; to compromise or discontinue any such suit, criminal cases including complaints, action or proceedings; to deposit, withdraw and receive documents and any money or monies to and from the court or any such suit, or any such authorities either in execution of decree or otherwise and sign and deliver proper receipts thereof and to engage and appoint any solicitor, advocate or advocates or counsel to act and plead and otherwise conduct the cases/legal proceedings instituted by or against the Company, for all the offices of the Company from time to time as may be required.
- To avail credit facilities from Banks within the limit as may be prescribed by the Board of Directors of the Company from time to time and authorize such person(s) as the Committee may deem fit to sign and execute on behalf of the Company, such documents, deeds, notes, letters, agreements in respect of the aforesaid availment of the Loan or any disbursement(s)/interim disbursement(s) thereof from the Bank, and to make or accept amendments in the documents relating to the above credit facilities from time to time on such terms and conditions as the said Committee may deem fit.
- Authorised to do all such acts, deeds and things and decide on all such matters as are necessary or required in connection with or incidental to submission of bid in relation to Request for Proposal (RFP) and any other matters related thereto on behalf of the Company.
- To authorize officials of the Company to sign and execute all types of documents which the Company may enter into with various entities/firms/individuals from time to time on behalf of the Company in connection with the business of the Company.
- Exercise such powers which may be delegated by the Board from time to time subject to provisions of Companies Act, 2013, Memorandum and Articles of Association of the Company.

**b Composition**

The Committee comprises of Mr. Sanjay Chamria, Mr. Mayank Poddar, Non-Executive Directors and Mr. Rajive Kumaraswami, MD & CEO of the Company. The Committee is chaired by Mr. Sanjay Chamria.

**c Meeting and the attendance during the year**

During FY23, no meeting was held amongst the committee members.

**Vigil Mechanism/ Whistle Blower Policy**

Section 177 of Companies Act, 2013 read with rules made thereunder and IRDAI Corporate Governance Guidelines require your Company to establish a vigil mechanism/whistle blower policy. Your Company has adopted the 'Breach of Integrity and Whistle Blower Policy'. The details of the said Policy are explained in the Board's Report.

**Details of shares held by Director and KMP:**

Mr. Sanjay Chamria, Director jointly with Celica Developers Private Limited holds 222 Equity shares in the Company as on 31 March 2023. Mr. Rajive Kumaraswami, MD & CEO, Mr. Vikas Mittal, Deputy CEO and Mr. Amit Bhandari, Chief Technical Officer holds 9,00,000; 7,22,575; 7,22,575 Equity shares respectively.

Additionally, Mr. Rajive Kumaraswami, MD & CEO, Mr. Vikas Mittal, Deputy CEO, Mr. Amit Bhandari, Chief Technical Officer and Mr. Gaurav Parasrampurua, Chief Financial Officer holds certain beneficial ownership Equity shares of the Company respectively pursuant to exercise of Option under MHDI ESOP Plan 2018 while the registered owner of such shares is Magma HDI General Insurance Company ESOP Trust.

Except as disclosed above, none of the other directors, Key Managerial Persons or their relatives hold any Equity shares in the Company.

**Key Management Persons (KMPs) - Appointment and resignation**

Pursuant to recommendation of the Nomination and Remuneration Committee, the Board has recommended the following appointments of key management persons to the Board of Directors during the year:

- a) Ms. Sweta Bharucha as Company Secretary of the Company and Compliance Officer to monitor and ensure compliance of the IRDAI Corporate Governance Guidelines w.e.f. 29 April 2022.
- b) Mr. Amit Shantiprasad Thapliyal as Chief Technology Officer with effect from 26 September 2022.
- c) Mr. L. Chakradhar Rao as the Compliance Officer of the Company as required under IRDAI Corporate Governance guidelines in place of Mr. Anil Agarwal, Chief Compliance Officer who resigned from the services of the Company with effect from 03 December 2022.
- d) Mr. Kishore Khanchandani as Chief Risk Officer with effect from 01 January 2023.

On behalf of the Board of Directors

Date: 05 May 2023  
Place: Kolkata

**Sanjay Chamria**  
Chairman  
DIN 00009894

**Certification for Compliance of the Corporate Governance Guidelines for FY23**

I, Sweta Bharucha, Company Secretary of the Company, hereby certify that the Company has complied with the Corporate Governance Guidelines for Insurance Companies as amended from time to time and nothing has been concealed or suppressed.

Date: 05 May 2023  
Place: Mumbai

**Sweta Bharucha**  
Company Secretary  
Membership No.: ACS 22946



# Management Report

In accordance with the provisions of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002 (the Regulation), the Management submits the following Report for the year ended 31 March 2023:

1. We confirm the validity of Certificate of Registration granted by the Insurance Regulatory and Development Authority of India (IRDAI) to undertake General Insurance business in India.
2. To the best of our knowledge and belief, we certify that all the undisputed dues payable to the statutory authorities have been duly paid.
3. We confirm that the shareholding pattern and transfer of shares during the year are in accordance with statutory and regulatory requirements.
4. We declare that the funds of the 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 as laid down by Insurance Regulatory and Development Authority of India. The Company's solvency margin as at 31 March 2023 stands at 2.10 times.
6. We certify that the values of all the 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 realisable or market value under the headings 'Loans', 'Investments', 'Agents Balance', 'Outstanding Premium', 'Cash and Bank Balances', 'Interest accrued on investments', 'Due from other insurance companies, including reinsurers (net)', and the several items specified under 'Other accounts'. It may be noted that Investments in Debt securities are stated at historical cost as per the IRDAI Regulations.
7. The Company is exposed to various types of risks associated with general insurance business. The company closely monitors these risks and manages them by adopting prudent risk mitigating measures.

The Company has established Underwriting process to mitigate the underwriting risk. Appropriate reinsurance arrangements are made to reinsure the risks in excess of retention.

Investment risk is mitigated by laying down the investment guidelines through the Investment Policy and Operating Guidelines. The Investment Policy & Operating Guidelines are reviewed at regular intervals to take care of the latest developments including regulatory changes.

8. The Company does not have any operations outside India.
9. Ageing analysis of claims outstanding and average claims settlement time is given hereunder:-

## Ageing of Claims outstanding

(Rs. in Crore)

Financial Year 2022-23	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
Upto 30 days	179	8.11	22	3.30	5,432	41.14
31 days to 6 months	37	21.54	45	3.66	2,045	39.40
6 months to 1 year	13	2.01	22	2.89	127	7.38
1 year to 5 years	44	16.71	33	1.01	394	14.42
5 years and above	7	4.47	6	0.85	129	4.29
<b>TOTAL</b>	<b>280</b>	<b>52.84</b>	<b>128</b>	<b>11.71</b>	<b>8,127</b>	<b>106.64</b>

(Rs. in Crore)

Financial Year 2021-22	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
Upto 30 days	212	0.37	25	0.52	3,379	23.51
31 days to 6 months	794	12.47	37	1.64	1,471	28.54
6 months to 1 year	106	4.92	30	0.84	130	3.30
1 year to 5 years	29	10.91	11	2.86	405	16.03
5 years and above	1	0.51	7	6.36	94	2.64
<b>Total</b>	<b>1,142</b>	<b>29.18</b>	<b>110</b>	<b>12.22</b>	<b>5,479</b>	<b>74.02</b>

(Rs. in Crore)

Financial Year 2020-21	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
Upto 30 days	38	0.30	20	1.31	2,683	14.75
31 days to 6 months	90	16.74	35	1.93	1,383	20.94
6 months to 1 year	24	11.52	6	0.41	61	2.90
1 year to 5 years	24	13.70	27	6.00	418	17.33
5 years and above	-	-	2	6.19	-	-
<b>Total</b>	<b>176</b>	<b>42.28</b>	<b>90</b>	<b>15.84</b>	<b>4,545</b>	<b>55.92</b>

(Rs. in Crore)

Financial Year 2019-20	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
Upto 30 days	16	4.60	28	1.19	2,625	26.35
31 days to 6 months	28	2.09	15	3.56	342	9.85
6 months to 1 year	22	5.38	17	3.93	78	5.40
1 year to 5 years	40	16.05	24	8.53	385	15.46
5 years and above	-	-	1	0.74	-	-
<b>Total</b>	<b>106</b>	<b>28.12</b>	<b>85</b>	<b>17.95</b>	<b>3,430</b>	<b>57.06</b>

(Rs. in Crore)

Financial Year 2018-19	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
Upto 30 days	45	3.43	30	0.92	1,503	24.85
31 days to 6 months	97	4.33	24	1.76	1,039	16.14
6 months to 1 year	19	1.69	12	2.81	86	3.61
1 year to 5 years	26	26.97	17	4.36	306	14.89
5 years and above	-	-	-	-	-	-
<b>Total</b>	<b>187</b>	<b>36.42</b>	<b>83</b>	<b>9.85</b>	<b>2,934</b>	<b>59.49</b>

### Average Claims Settlement time

Class of Business	Trend in average claim settlement time for various segments									
	FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23	
	No. of claims	Avg. settlement time (Days)	No. of claims	Avg. settlement time (Days)	No. of claims	Avg. settlement time (Days)	No. of claims	Avg. settlement time (Days)	No. of claims	Avg. settlement time (Days)
Fire	1,967	14	1,631	37	4,654	59	16,539	56	10,753	65
Marine Cargo	1,380	35	1,517	47	1,108	55	1,036	66	6,355	10
Miscellaneous	37,639	40	70,514	26	67,774	31	112,421	24	201,987	16
<b>Grand Total</b>	<b>40,986</b>	<b>39</b>	<b>73,662</b>	<b>30</b>	<b>73,536</b>	<b>33</b>	<b>129,996</b>	<b>28</b>	<b>219,095</b>	<b>18</b>

Note: The ageing of above-mentioned claim outstanding and average claim settlement time do not include Motor Third Party claims which have to be settled through MACT and other judicial bodies.

10. We certify that all debt securities are stated at historical cost subject to amortization of premium or accretion of discount. Investments in mutual fund units are stated at Net Asset Value, which is taken from AMFI as on the Balance Sheet date. Market values of Government Securities and other debt instruments have been reported in accordance with IRDAI Guidelines.

The Company assesses at each balance sheet date whether any impairment has occurred in respect of investment in Bonds. The impairment loss, if any, is recognized in the profit and loss account and the carrying value of such investment is reduced to its recoverable value. If on the assessment at balance sheet date a previously impaired loss no longer exists, then such loss is reversed in the profit & loss account and the investment is restated to that extent.

11. The Company has adopted a prudent Investment Policy with emphasis on optimizing risk adjusted returns based on appropriate mix of duration, liquidity & safety. Emphasis is made to maintain the portfolio quality through investments in Government securities and other AAA rated debt instruments and to manage duration of the portfolio dynamically depending on the volatility in interest rates. Investments are managed in accordance with the Investment Policy approved 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.
12. Details of payments during the financial year to individuals, firms, companies and organisations in which directors are interested excluding reimbursement.

Sl. No.	Name of the Director	Entity / party in which Directors are interested	Interested as	Amount (Rs. in Crore)	Nature of Payments
1	Sanjay Chamria & Mayank Poddar	Poonawalla Fincorp Limited (formerly Magma Fincorp Ltd)	Shareholders (upto 30 May 2022)	1.13	Corporate Agent Commission
				0.63	Claim Payment
2	Jens Holger Wohlthat	HDI Global Network AG	Chairman (upto 30 September 2022)	30.25	Payment for reinsurance ceded
3	Mayank Poddar	CLP Business LLP	Designated Partner	0.20	Rent Payment
				0.08	Security Deposit
4	Mayank Poddar	Shaili Poddar	Relative of Director	0.11	Rent Payment
5	Mayank Poddar	Solvex Properties & Services Private Limited	Relative is a Director	0.10	Payment of utility charges
				0.04	Advertisement & Publicity Exp

13. The Management of Magma HDI General Insurance Company Limited certifies that:
- In the preparation of financial statements, the applicable accounting standards, principles and policies have been followed along with proper explanation relating to material departures, if any.
  - The management has adopted accounting policies and applied them consistently except otherwise stated and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the operating loss and of the loss of the Company for the financial year.
  - The management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of Insurance Act, 1938, Insurance Laws (Amendment) Act, 2015 (to the extent notified), Companies Act, 2013 to the extent applicable, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
  - The management has prepared the financial statements on a going concern basis.
  - The management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

For and on behalf of the Board of Directors

**Sanjay Chamria**  
Chairman

**Mayank Poddar**  
Director

**Sunil Mitra**  
Director

Place: Mumbai  
Date: 05 May 2023

**Rajive Kumaraswami**  
Managing Director & CEO

**Gaurav Parasrampuria**  
Chief Financial Officer

**Sweta Bharucha**  
Company Secretary

# Independent Auditors' Report

## TO THE MEMBERS OF MAGMA HDI GENERAL INSURANCE COMPANY LIMITED

### Report on Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **Magma HDI General Insurance Company Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2023, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory notes.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by provisions 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 of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), order/directions, circulars, guidelines issued by the Insurance Regulatory and Development Authority of India (the "IRDAI") in this regard and the Companies Act, 2013, as amended, ('the Act') to the extent applicable and in the manner so required, and give true and fair view in conformity with the accounting principles generally accepted in India, as applicable to insurance companies:

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2023;
- ii. In the case of the Revenue Accounts, of the operating loss for the year ended on that date;
- iii. In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- iv. In the case of the Receipts and Payments Account, of the receipts and payments for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statement in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Financial Statements' section of our report.

We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

#### Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditors' report is Director's Report but does not include the Financial Statements and our Auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibility of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and receipts and payments of the Company in accordance with the requirements of the Insurance Act, the IRDA Act, the IRDA Financial Statements Regulations, the Act and in accordance with the accounting principles generally accepted in India, including the applicable Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder, to the extent applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the company's financial reporting process.

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to Financial Statements and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### Other Matters

Pursuant to IRDAI (Appointed Actuary) Regulations 2017, the actuarial valuation of liabilities in respect of claims Incurred But Not Reported ("IBNR"), claims Incurred But Not Enough Reported ("IBNER") and Premium Deficiency Reserve ("PDR") as at 31 March 2023, is the responsibility of the Company's Appointed Actuary ("Actuary") and has been duly certified by the Actuary. They have also certified that assumptions used for such valuation are appropriate and in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. Accordingly, we have relied upon the aforesaid certificate from the Appointed Actuary while forming our opinion on the financial statements of the Company.

Our opinion is not modified in respect of this matter.



## Report on Other Legal and Regulatory Requirements

1. As required by the IRDA Financial Statements Regulations, we have issued a separate certificate dated 05 May 2023 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDA Financial Statements Regulations.
2. This Report does not include a statement on the matters specified in paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Act, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.
3. As required by 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 our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. As the Company's financial accounting system is centralized at Head Office, 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, investments have been valued in accordance with the provisions of the Insurance Act the IRDA Financial Statements Regulations and/or orders/directions/circulars/guidelines issued by the IRDAI in this behalf;
  - f. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements dealt with by this report comply with the Accounting Standards specified under Section 133 of the Act to the extent they are not inconsistent with the accounting principles prescribed in the IRDA Financial Statements Regulations and orders/directions issued by IRDAI in this regard;
  - g. In our opinion and to the best of our information and according to the explanations given to us, the accounting policies selected by the Company are appropriate and are in compliance with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the accounting principles prescribed in the IRDA Financial Statements Regulations and orders/directions issued by the IRDAI in this behalf;
  - h. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
  - i. With respect to requirements of section 197(16) of the Act, as amended, we report that managerial remuneration is governed u/s 34A of the Insurance Act, 1938. Accordingly, the provisions of Section 197 read with schedule V to the Act are not applicable, and hence reporting under Section 197 (16) is not required.
  - j. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**";
  - k. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 17.2 of Schedule 17 to the financial statements;
    - ii. Liability for insurance contracts, is determined by the Company's Actuary referred to in Other Matter paragraph above, on which we have placed reliance; and the Company did not have any other long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 17.28 of schedule 17 to the financial statements;
    - iii. There are no amounts which are required to be transferred, to the Investor Education and Protection Fund by the Company for financial statements.
    - iv
      - a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
      - b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
      - c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
    - v. The Board of Directors of the Company have not proposed any dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. Accordingly, no compliance with respect to section 123 of the Act is required to be followed.

- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 relating to audit trail feature of the Company's accounting software is applicable to the Company only with effect from financial year beginning 01 April 2023, the reporting under Clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 is not applicable for the current year.

**For Singhi & Co.**

Chartered Accountants  
Firm Registration No. 302049E

**Nikhil Singhi**

Partner  
Membership No. 061567  
UDIN: 23061567BGYHLP4505

Place: Mumbai  
Date: 05 May 2023

**For M S K A & Associates**

Chartered Accountants  
Firm Registration No. 105047W

**Swapnil Kale**

Partner  
Membership No. 117812  
UDIN: 23117812BGXQMK1866

Place: Mumbai  
Date: 05 May 2023

## ANNEXURE – A TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 3(i) under ‘Report on Other Legal and Regulatory Requirements’ of the Independent Auditors’ Report of even date to the members of MAGMA HDI General Insurance Company Limited on the financial statements for the year ended 31 March 2023)

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

#### Opinion

1. We have audited the internal financial controls with reference to financial statements of **Magma HDI General Insurance Company Limited** (“the Company”) as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

#### Management’s Responsibility for Internal Financial Controls

2. The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the “Guidance Note”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act including the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 (the “Insurance Act”), the Insurance Regulatory and Development Authority Act, 1999 (the “IRDA Act”), the IRDA Financial Statements Regulations, orders/directions issued by the Insurance Regulatory and Development Authority of India (the “IRDAI”) in this regard.

#### Auditors’ Responsibility

3. Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

#### Meaning of Internal Financial Controls With reference to Financial Statements

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

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

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Other Matters

8. Pursuant to IRDAI (Appointed Actuary) Regulations 2017, the actuarial valuation of liabilities in respect of claims Incurred But Not Reported ("IBNR"), claims Incurred But Not Enough Reported ("IBNER") and Premium Deficiency Reserve ("PDR") as at 31 March 2023, is the responsibility of the Company's Appointed Actuary ("Actuary") and has been duly certified by the Actuary, as mentioned in the "Other Matters" paragraph of our audit report on the Financial Statements of the Company as at and for the year ended 31 March 2023. They have also certified that assumptions used for such valuation are appropriate and 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 aforesaid certificate while forming our opinion on the financial statements of the Company as mentioned in Other Matter paragraph in our Audit Report on the financial statements for the year ended 31 March 2023.

Accordingly, our opinion on the internal financial controls with reference to financial statements does not include reporting on the adequacy and operating effectiveness of the internal controls over the valuation and accuracy of the aforesaid actuarial liabilities.

Our opinion is not modified in respect of the above matter.

#### For Singhi & Co.

Chartered Accountants  
Firm Registration No. 302049E

#### Nikhil Singhi

Partner  
Membership No. 061567  
UDIN: 23061567BGYHLP4505

Place: Mumbai  
Date: 05 May 2023

#### For M S K A & Associates

Chartered Accountants  
Firm Registration No. 105047W

#### Swapnil Kale

Partner  
Membership No. 117812  
UDIN: 23117812BGXQMK1866

Place: Mumbai  
Date: 05 May 2023

## Independent Auditors' Certificate

### TO THE MEMBERS OF MAGMA HDI GENERAL INSURANCE COMPANY LIMITED (the "Company")

(Referred to in paragraph 1 of "Report on Other Legal and Regulatory Requirements" forming part of the Independent Auditors' Report dated 05 May 2023)

We have been requested by the Company having registered office at Development House 24, Park Street, Kolkata, West Bengal – 700016 to issue a certificate in accordance with the terms of engagement letter.

This certificate is issued 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") to be read with Regulation 3 of the IRDA Financial Statements Regulations.

### Management's Responsibility

The Management is responsible for ensuring that the Company complies with the requirements of The Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the IRDA Financial Statements Regulations, orders/circulars/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI"), which includes preparation of the Management Report. The responsibility includes collecting, collating, validating data, designing, implementing and monitoring of internal controls relevant for ensuring compliance as stated above and provide all relevant information to IRDAI and making estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Pursuant to the requirements of the Regulations, our responsibility, for the purpose of this certificate, is to provide reasonable assurance on matters contained in paragraphs 3 and 4 of Schedule C, read with Regulation 3, of the IRDA Financial Statements Regulations.

The following documents have been furnished by the Company:

- a) Management Report for the year ended 31 March 2023
- b) Compliance certificate submitted to the Board of Directors by the officers of the Company
- c) Cash in Hand and Cheques in Hand certificate as on 31 March 2023
- d) Holding Statement as at 31 March 2023 issued by the Company's custodian for Investments;
- e) Balance Confirmations received by the Company in relation to Investment in Mutual Funds; and
- f) Management Representation

We have performed the following procedures: -

- a) Reviewed the management report attached to the financial statements for the year ended 31 March 2023
- b) We have verified the cash balances, to the extent considered necessary, and securities relating to the Company's loans and investments as at 31 March 2023, 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
- c) Read the compliance certificate submitted to the Board of Directors; and
- d) Relied on Management representation

We have audited the financial statements of the Company as of and for the financial year ended 31 March 2023, on which we issued an unmodified audit opinion vide our reports dated 05 May 2023. Our audit of these financial statements were conducted in accordance with the Standards on Auditing as prescribed under Section 143(10) of the Companies Act, 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("ICAI"). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI, which includes the concepts of test checks and materiality. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this Certificate.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.



## Opinion

Based on our examination, as above, the information and explanations and representation given to us, we report that:

1. We have reviewed the Management Report attached to the financial statements for the year ended 31 March 2023, and on the basis of our review, there are no apparent mistakes or material inconsistencies with the financial statements;
2. The Company has complied with the terms and conditions of registration as per sub section 4 of section 3 of the Insurance Act, 1938;
3. We have reviewed the cash balances and cheques on hand from the certificate and confirmations provided by the management and securities relating to Company's loans and investments as at 31 March 2023, by actual inspection and on the basis of certificates/confirmations received from the third parties/Custodians and/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 of the provisions of the Insurance Act, 1938 relating to the application and investments of the Policyholders' Funds.

## Restriction on use

This certificate is issued at the request of the Company solely for use of the Company for inclusion in the annual accounts in order to comply with the provisions of paragraph 3 and 4 of Schedule C of the IRDA Financial Statements Regulations read with Regulation 3 of the IRDA Regulations and is not intended to be and should not be used for any other purpose without our prior consent. Auditors' shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment. We have no responsibility to update this certificate for events and circumstances occurring after the date of this certificate. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this Certificate is shown or into whose hands it may come without our prior consent in writing.

### For Singhi & Co.

Chartered Accountants  
Firm Registration No. 302049E

### Nikhil Singhi

Partner  
Membership No. 061567  
UDIN: 23061567BGYHLP4505

Place: Mumbai  
Date: 05 May 2023

### For M S K A & Associates

Chartered Accountants  
Firm Registration No.  
105047W

### Swapnil Kale

Partner  
Membership No. 117812  
UDIN: 23117812BGX-  
QMK1866

Place: Mumbai  
Date: 05 May 2023

# Audited Financial Statements

## MAGMA HDI GENERAL INSURANCE COMPANY LIMITED

IRDAI Registration No. 149 dated 22 May 2012

### REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

(Rs in '000)

Particulars	Schedule	FIRE		MARINE		MISCELLANEOUS		TOTAL	
		Year ended 31 Mar 2023	Year ended 31 Mar 2022	Year ended 31 Mar 2023	Year ended 31 Mar 2022	Year ended 31 Mar 2023	Year ended 31 Mar 2022	Year ended 31 Mar 2023	Year ended 31 Mar 2022
Premiums earned (Net)	1	613,491	277,334	20,220	10,583	14,708,078	8,854,203	15,341,789	9,142,120
Profit / (Loss) on sale / redemption of investments (Net)		3,010	11,535	109	193	61,525	215,762	64,644	227,490
Others:-									
Investment Income from Terrorism Pool		15,621	12,157	-	-	275	315	15,896	12,472
Miscellaneous Income		1,249	201	53	256	3,122	1,310	4,424	1,767
Contribution from Shareholders Funds towards excess Expenses of Management (EoM)		295,912	84,846	46,183	24,577	2,171,304	786,384	2,513,399	895,807
Interest, dividend and rent (Gross)		119,848	91,813	4,333	1,533	2,404,082	1,711,595	2,528,263	1,804,941
<b>TOTAL (A)</b>		<b>1,049,131</b>	<b>477,886</b>	<b>70,898</b>	<b>37,142</b>	<b>19,348,386</b>	<b>11,569,569</b>	<b>20,468,415</b>	<b>12,084,597</b>
Claims incurred (Net)	2	162,904	96,992	37,950	1,190	10,940,101	6,178,217	11,140,955	6,276,399
Commission (Net)	3	(66,445)	(39,193)	(8,136)	(12,066)	835,214	(167,047)	760,633	(218,306)
Operating expenses related to insurance business	4	1,235,098	833,188	120,052	78,609	7,826,164	4,791,388	9,181,314	5,703,185
Premium deficiency reserve		-	-	1,126	(816)	-	-	1,126	(816)
<b>TOTAL (B)</b>		<b>1,331,557</b>	<b>890,987</b>	<b>150,992</b>	<b>66,917</b>	<b>19,601,479</b>	<b>10,802,558</b>	<b>21,084,028</b>	<b>11,760,462</b>
<b>Operating Profit/(Loss) (C) = (A - B)</b>		<b>(282,426)</b>	<b>(413,101)</b>	<b>(80,094)</b>	<b>(29,775)</b>	<b>(253,093)</b>	<b>767,011</b>	<b>(615,613)</b>	<b>324,135</b>
<b>Appropriations</b>									
Transfer to Shareholders' Account		(282,426)	(413,101)	(80,094)	(29,775)	(253,093)	767,011	(615,613)	324,135
Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
Transfer to Other Reserves		-	-	-	-	-	-	-	-
<b>TOTAL (C)</b>		<b>(282,426)</b>	<b>(413,101)</b>	<b>(80,094)</b>	<b>(29,775)</b>	<b>(253,093)</b>	<b>767,011</b>	<b>(615,613)</b>	<b>324,135</b>

Significant Accounting Policies 16

Notes to Accounts 17

The Schedules referred to above & notes to accounts form an integral part of the Financial Statements.

As per our Report of even date attached

#### For Singhi & Co.

Chartered Accountants  
Firm Regn. No. 302049E

#### Nikhil Singhi

Partner  
Membership No. 061567

#### For M S K A & Associates

Chartered Accountants  
Firm Regn. No. 105047W

#### Swapnil Kale

Partner  
Membership No. 117812

#### Sanjay Chamria

Chairman  
DIN 00009894

#### Mayank Poddar

Director  
DIN 00009409

#### Sunil Mitra

Director  
DIN 00113473

#### Rajive Kumaraswami

Managing Director & CEO  
DIN 07501971

#### Gaurav Parasrampur

Chief Financial Officer

#### Sweta Bharucha

Company Secretary  
Membership No. A22946

For and on behalf of the Board of Directors

Mumbai, 05 May 2023

**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED****FORM B-PL**

IRDAI Registration No. 149 dated 22 May 2012

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023**

(Rs in '000)

Particulars	Schedule	Year ended 31 Mar 2023	Year ended 31 Mar 2022
<b>OPERATING PROFIT/(LOSS)</b>			
(a) Fire insurance		(282,426)	(413,101)
(b) Marine insurance		(80,094)	(29,775)
(c) Miscellaneous insurance		(253,093)	767,011
<b>INCOME FROM INVESTMENTS</b>			
(a) Interest, dividend and rent (Gross)		392,454	251,367
(b) Profit on sale / redemption of investments		16,901	31,970
Less: (Loss) on sale / redemption of investments		(7,043)	(390)
<b>OTHER INCOME</b>			
(a) Miscellaneous income / Liabilities written back		1,425	66
<b>TOTAL (A)</b>		<b>(211,876)</b>	<b>607,148</b>
<b>PROVISIONS (Other than taxation)</b>			
(a) For diminution in the value of investments		-	(162,139)
(b) For doubtful debts		(156)	1,658
(c) Others		(11)	(129)
<b>OTHER EXPENSES</b>			
(a) Expenses other than those related to insurance business			
- Employees' remuneration & welfare benefits (Refer Note 17.18a)		27,438	21,286
- Legal Fees related to Shareholders funds		6,663	2,200
(b) Bad debts written off		541	3,101
(c) Interest on subordinated debt		87,500	479
(d) Expenses towards CSR activities (Refer Note 17.25)		700	1,266
(e) Penalties (Refer Note 17.37)		1	-
(f) Contribution to Policyholders Funds towards Expenses of Management (EoM) (Refer Note 17.20)		2,513,399	895,807
(g) Others			
- Investment Expenses (Refer Note 17.12)		2,890	2,186
- Loss on sale / discard of fixed assets		5,001	864
- Director Fees (Refer Note 17.18d)		7,780	7,690
- Interest on income tax		-	439
- Fees paid for increase in Authorised share capital		9,869	-
<b>TOTAL (B)</b>		<b>2,661,615</b>	<b>774,708</b>
<b>Profit / (Loss) before tax</b>		<b>(2,873,491)</b>	<b>(167,560)</b>
<b>Less: Provision for taxation</b>			
(a) Current tax		-	29,571
(b) Deferred tax expense / (income)		(1,442)	(76,071)
(c) Tax adjustment of earlier years		(319)	3,530
<b>Profit / (Loss) after tax</b>		<b>(2,871,730)</b>	<b>(124,590)</b>
<b>APPROPRIATIONS</b>			
(a) Interim dividends paid during the year		-	-
(b) Proposed final dividend		-	-
(c) Dividend distribution tax		-	-
(d) Debenture Redemption Reserve		-	-
(e) Transfer to any reserve or other account		-	-
Balance of profit/(loss) brought forward from last year		(251,719)	(127,129)

Particulars	Schedule	Year ended 31 Mar 2023	Year ended 31 Mar 2022
<b>Balance carried forward to Balance Sheet</b>		<b>(3,123,449)</b>	<b>(251,719)</b>
<b>Basic &amp; Diluted Earnings Per Share of face value of Rs. 10/-</b>		(14.22)	(0.81)
Significant Accounting Policies	16		
Notes to Accounts	17		

The Schedules referred to above & notes to accounts form an integral part of the Financial Statements.

For and on behalf of the Board of Directors

As per our Report of even date attached.

**For Singhi & Co.**

Chartered Accountants  
Firm Regn. No. 302049E

**For M S K A & Associates**

Chartered Accountants  
Firm Regn. No. 105047W

**Sanjay Chamria**

Chairman  
DIN 00009894

**Rajive Kumaraswami**

Managing Director & CEO  
DIN 07501971

**Nikhil Singhi**

Partner  
Membership No. 061567

**Swapnil Kale**

Partner  
Membership No. 117812

**Mayank Poddar**

Director  
DIN 00009409

**Gaurav Parasrampuria**

Chief Financial Officer

Mumbai, 05 May 2023

**Sunil Mitra**

Director  
DIN 00113473

**Sweta Bharucha**

Company Secretary  
Membership No. A22946

**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED****FORM B-BS**

IRDAI Registration No. 149 dated 22 May 2012

**BALANCE SHEET AS AT 31 MARCH 2023**

(Rs in '000)

Particulars	Schedule	As at 31 Mar 2023	As at 31 Mar 2022
<b>SOURCES OF FUNDS</b>			
Share capital	5	2,466,692	1,547,073
Share application money pending allotment		-	-
Employee stock option reserve		56,952	46,985
Reserves and surplus	6	9,209,763	2,780,294
Fair value change account - Shareholders		138	115
Fair value change account - Policyholders		825	800
Borrowings	7	1,000,591	1,002,138
<b>TOTAL</b>		<b>12,734,961</b>	<b>5,377,405</b>
<b>APPLICATION OF FUNDS</b>			
<b>Investments</b>			
Investments - Shareholders	8	7,529,635	4,827,342
Investments - Policyholders	8A	45,061,724	33,617,393
<b>Total Investments</b>		<b>52,591,359</b>	<b>38,444,735</b>
Loans	9	-	2,643
Fixed assets	10	417,218	275,526
Deferred tax asset (Net) (Refer Note 17.31)		273,465	272,023
<b>Current Assets</b>			
Cash and bank balances	11	3,023,336	256,726
Advances and other assets	12	2,668,397	1,833,443
<b>Sub-Total (A)</b>		<b>5,691,733</b>	<b>2,090,169</b>
Current liabilities	13	38,295,737	29,023,809
Provisions	14	11,066,526	6,935,601
<b>Sub-Total (B)</b>		<b>49,362,263</b>	<b>35,959,410</b>
<b>Net Current Assets / (Liabilities) (C) = (A - B)</b>		<b>(43,670,530)</b>	<b>(33,869,241)</b>
Miscellaneous expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit and Loss Account		3,123,449	251,719
<b>TOTAL</b>		<b>12,734,961</b>	<b>5,377,405</b>

Significant Accounting Policies

16

Notes to Accounts

17

The Schedules referred to above &amp; notes to accounts form an integral part of the Financial Statements.

For and on behalf of the Board of Directors

As per our Report of even date attached.

**For Singhi & Co.**Chartered Accountants  
Firm Regn. No. 302049E**For M S K A & Associates**Chartered Accountants  
Firm Regn. No. 105047W**Sanjay Chamria**Chairman  
DIN 00009894**Rajive Kumaraswami**Managing Director & CEO  
DIN 07501971**Nikhil Singhi**Partner  
Membership No. 061567**Swapnil Kale**Partner  
Membership No. 117812**Mayank Poddar**Director  
DIN 00009409**Gaurav Parasrampur**

Chief Financial Officer

**Sunil Mitra**Director  
DIN 00113473**Sweta Bharucha**Company Secretary  
Membership No. A22946

Mumbai, 05 May 2023



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

IRDAI Registration No. 149 dated 22 May 2012

**RECEIPT AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(Rs in '000)

Particulars	Year ended 31 Mar 2023	Year ended 31 Mar 2022
<b>Cash flows from the operating activities:</b>		
Premium received from Policyholders, including advance receipts and GST	32,968,241	21,538,815
Other receipts	154,380	240,266
Receipts / (Payments) from / to reinsurers, net of commissions and claims	(4,008,773)	(3,224,314)
Receipts / (Payments) from / to co-insurers, net of claims recovery	9,563	(13,616)
Payments of claims	(9,157,608)	(5,104,697)
Payments of commission & brokerage	(1,992,207)	(1,306,409)
Payments of other operating expenses	(8,872,929)	(6,061,431)
Deposits, advances and staff loans (Net)	(113,930)	(36,671)
Income Tax paid (Net)	(68,518)	(80,834)
GST paid	(1,653,729)	(936,295)
<b>Cash flows before extraordinary items</b>	<b>7,264,490</b>	<b>5,014,814</b>
Cash flow from extraordinary operations	-	-
<b>Net cash flow from operating activities (A)</b>	<b>7,264,490</b>	<b>5,014,814</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets (including capital advances)	(273,617)	(117,745)
Proceeds from sale of fixed assets	463	840
Purchases of investments	(103,164,294)	(94,027,202)
Sales / redemption of investments	89,075,787	85,901,057
Repayments Received	2,654	19,546
Rents / Interests / Dividends received	2,590,971	2,102,426
Investments in money market instruments and in liquid mutual funds (Net)	4,421	(5,677)
Expenses related to investments	(2,890)	(2,186)
<b>Net cash flow from investing activities (B)</b>	<b>(11,766,505)</b>	<b>(6,128,941)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of share capital / share application money including share premium (net of issue expenses)	7,349,088	-
Proceeds from borrowing	-	1,000,000
Repayments of borrowing	(1,665)	(3,327)
Brokerage and other expenses on borrowings	-	(900)
Interest Paid	(78,798)	(329)
<b>Net cash flow from financing activities (C)</b>	<b>7,268,625</b>	<b>995,444</b>
<b>Effect of foreign exchange rates on cash and cash equivalents, net (D)</b>	<b>-</b>	<b>-</b>
Net increase / (decrease) in cash and cash equivalents: (A+B+C+D)	2,766,610	(118,683)
Cash and Cash Equivalent at the beginning of the year	256,726	375,409
<b>Cash and Cash Equivalent at the end of the year</b>	<b>3,023,336</b>	<b>256,726</b>

Refer Schedule 11 for components of Cash and Bank balances

As per our Report of even date attached.

For and on behalf of the Board of Directors

**For Singhi & Co.**Chartered Accountants  
Firm Regn. No. 302049E**For M S K A & Associates**Chartered Accountants  
Firm Regn. No. 105047W**Sanjay Chamria**Chairman  
DIN 00009894**Rajive Kumaraswami**Managing Director & CEO  
DIN 07501971**Nikhil Singhi**Partner  
Membership No. 061567**Swapnil Kale**Partner  
Membership No. 117812**Mayank Poddar**Director  
DIN 00009409**Gaurav Parasrampur**

Chief Financial Officer

**Sunil Mitra**Director  
DIN 00113473**Sweta Bharucha**Company Secretary  
Membership No. A22946

Mumbai, 05 May 2023

**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

**SCHEDULE – 1**  
**PREMIUM EARNED [NET]**

(Rs in '000)

Particulars	YEAR ENDED 31 MARCH 2023						YEAR ENDED 31 MARCH 2022					
	FIRE	MARINE			*MIS-CELLA-NEOUS	TOTAL	FIRE	MARINE			*MIS-CELLA-NEOUS	TOTAL
		MARINE CARGO	MARINE HULL	MARINE TOTAL				MARINE CARGO	MARINE HULL	MARINE TOTAL		
Premium from direct business written (net of GST)	3,176,773	332,555	-	332,555	21,831,877	25,341,205	2,297,802	239,138	-	2,39,138	15,034,714	17,571,654
Add: Premium on reinsurance accepted	482,742	26,596	-	26,596	32,368	5,41,706	507,705	25,853	-	25,853	46,560	580,118
Less: Premium on reinsurance ceded	(2,738,514)	(325,856)	-	(325,856)	(3,389,510)	(6,453,880)	(2,234,895)	(255,463)	-	(255,463)	(4,443,847)	(6,934,205)
<b>Net Premium</b>	<b>921,001</b>	<b>33,295</b>	<b>-</b>	<b>33,295</b>	<b>18,474,735</b>	<b>19,429,031</b>	<b>570,612</b>	<b>9,528</b>	<b>-</b>	<b>9,528</b>	<b>10,637,427</b>	<b>11,217,567</b>
Reserve for unexpired risk at the end of the year	926,798	15,404	-	15,404	9,879,517	10,821,719	619,288	2,329	-	2,329	6,112,860	6,734,477
Reserve for unexpired risk at the beginning of the year	(619,288)	(2,329)	-	(2,329)	(6,112,860)	(6,734,477)	(326,010)	(3,384)	-	(3,384)	(4,329,636)	(4,659,030)
Adjustment for change in reserve for unexpired risk	307,510	13,075	-	13,075	3,766,657	4,087,242	293,278	(1,055)	-	(1,055)	1,783,224	2,075,447
<b>Total premium earned (Net)</b>	<b>613,491</b>	<b>20,220</b>	<b>-</b>	<b>20,220</b>	<b>14,708,078</b>	<b>15,341,789</b>	<b>277,334</b>	<b>10,583</b>	<b>-</b>	<b>10,583</b>	<b>8,854,203</b>	<b>9,142,120</b>

\*Refer to Schedule - 1(A)

**SCHEDULE – 1 (A)**  
**PREMIUM EARNED [NET]**

**MISCELLANEOUS PREMIUM EARNED [NET] BREAKUP FOR THE YEAR ENDED 31 MARCH 2023**

(Rs in '000)

Particulars	MISCELLANEOUS										TOTAL
	MOTOR			ENGI-NEERING	PUBLIC/PRODUCT LIABILITY	WORKS-MEN'S COM-PENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Premium from direct business written (net of GST)	5,871,762	12,733,252	18,605,014	98,204	432	18,615	2,424,056	95,849	596,316	(6,609)	21,831,877
Add: Premium on reinsurance accepted	-	-	-	29,913	-	-	-	-	2,455	-	32,368
Less: Premium on reinsurance ceded	(2,054,259)	(534,188)	(2,588,447)	(111,927)	(420)	(810)	(100,722)	(9,093)	(585,804)	7,713	(3,389,510)
<b>Net Premium</b>	<b>3,817,503</b>	<b>12,199,064</b>	<b>16,016,567</b>	<b>16,190</b>	<b>12</b>	<b>17,805</b>	<b>2,323,334</b>	<b>86,756</b>	<b>12,967</b>	<b>1,104</b>	<b>18,474,735</b>
Reserve for unexpired risk at the end of the year	1,848,869	6,496,918	8,345,787	12,377	58	9,477	1,463,272	38,930	9,003	613	9,879,517
Reserve for unexpired risk at the beginning of the year	(865,132)	(4,577,695)	(5,442,827)	(9,556)	(80)	(5,428)	(615,630)	(22,331)	(12,575)	(4,433)	(6,112,860)
Adjustment for change in reserve for unexpired risk	983,737	1,919,223	2,902,960	2,821	(22)	4,049	847,642	16,599	(3,572)	(3,820)	3,766,657
<b>Total premium earned (Net)</b>	<b>2,833,766</b>	<b>10,279,841</b>	<b>13,113,607</b>	<b>13,369</b>	<b>34</b>	<b>13,756</b>	<b>1,475,692</b>	<b>70,157</b>	<b>16,539</b>	<b>4,924</b>	<b>14,708,078</b>

**MISCELLANEOUS PREMIUM EARNED [NET] BREAKUP FOR THE YEAR ENDED 31 MARCH 2022**

(Rs in '000)

Particulars	MISCELLANEOUS										TOTAL
	MOTOR			ENGI-NEERING	PUBLIC / PRODUCT LIABILITY	WORKS-MEN'S COM-PENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Premium from direct business written (net of GST)	4,316,027	8,844,129	13,160,156	72,644	150	14,454	1,074,263	54,583	594,418	64,046	15,034,714
Add: Premium on reinsurance accepted	-	-	-	26,240	-	-	-	-	19,576	744	46,560
Less: Premium on reinsurance ceded	(2,833,833)	(774,300)	(3,608,133)	(84,119)	(111)	(853)	(93,300)	(7,588)	(592,047)	(57,696)	(4,443,847)
<b>Net Premium</b>	<b>1,482,194</b>	<b>8,069,829</b>	<b>9,552,023</b>	<b>14,765</b>	<b>39</b>	<b>13,601</b>	<b>980,963</b>	<b>46,995</b>	<b>21,947</b>	<b>7,094</b>	<b>10,637,427</b>
Reserve for unexpired risk at the end of the year	865,132	4,577,695	5,442,827	9,556	80	5,428	615,630	22,331	12,575	4,433	6,112,860
Reserve for unexpired risk at the beginning of the year	(411,333)	(3,419,439)	(3,830,772)	(8,571)	(143)	(5,913)	(451,223)	(20,428)	(7,358)	(5,228)	(4,329,636)
Adjustment for change in reserve for unexpired risk	453,799	1,158,256	1,612,055	985	(63)	(485)	164,407	1,903	5,217	(795)	1,783,224
<b>Total premium earned (Net)</b>	<b>1,028,395</b>	<b>6,911,573</b>	<b>7,939,968</b>	<b>13,780</b>	<b>102</b>	<b>14,086</b>	<b>816,556</b>	<b>45,092</b>	<b>16,730</b>	<b>7,889</b>	<b>8,854,203</b>

**SCHEDULE – 2**  
**CLAIMS INCURRED [NET]**

(Rs in '000)

Particulars	YEAR ENDED 31 MARCH 2023						YEAR ENDED 31 MARCH 2022					
	FIRE	MARINE			*MISCEL- LANEOUS	TOTAL	FIRE	MARINE			*MISCEL- LANEOUS	TOTAL
		MARINE CARGO	MARINE HULL	MARINE TOTAL				MARINE CARGO	MARINE HULL	MARINE TOTAL		
Claims paid												
Direct	227,072	203,164	-	203,164	8,466,484	8,896,720	326,720	138,294	-	138,294	4,297,708	4,762,722
Add: Reinsurance accepted	242,291	45,245	-	45,245	1,509	289,045	252,698	41,993	-	41,993	1,563	296,254
Less: Reinsurance ceded	(323,856)	(210,010)	-	(210,010)	(2,661,833)	(3,195,699)	(451,783)	(159,046)	-	(159,046)	(1,759,400)	(2,370,229)
<b>Net Claims paid</b>	<b>145,507</b>	<b>38,399</b>	<b>-</b>	<b>38,399</b>	<b>58,06,160</b>	<b>5,990,066</b>	<b>127,635</b>	<b>21,241</b>	<b>-</b>	<b>21,241</b>	<b>2,539,871</b>	<b>2,688,747</b>
Add: Claims outstanding at the end of the year	268,372	42,424	-	42,424	24,905,626	25,216,422	250,975	42,873	-	42,873	19,771,685	20,065,533
Less: Claims outstanding at the beginning of the year	(250,975)	(42,873)	-	(42,873)	(19,771,685)	(20,065,533)	(281,618)	(62,924)	-	(62,924)	(16,133,339)	(16,477,881)
<b>Total claims incurred (Net)</b>	<b>162,904</b>	<b>37,950</b>	<b>-</b>	<b>37,950</b>	<b>10,940,101</b>	<b>11,140,955</b>	<b>96,992</b>	<b>1,190</b>	<b>-</b>	<b>1,190</b>	<b>61,78,217</b>	<b>6,276,399</b>

\*Refer to Schedule - 2(A)

**SCHEDULE – 2 (A)**  
**CLAIMS INCURRED [NET]**

**MISCELLANEOUS CLAIMS INCURRED [NET] BREAKUP FOR THE YEAR ENDED 31 MARCH 2023**

(Rs in '000)

Particulars	MISCELLANEOUS										
	MOTOR			ENGI-NEERING	PUBLIC/PRODUCT LIABILITY	WORKS-MEN'S COM-PENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		TOTAL
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Claims paid											
Direct	3,805,143	3,532,249	7,337,392	2,995	-	4,234	1,051,343	18,074	48,621	3,825	8,466,484
Add: Reinsurance accepted	-	-	-	217	-	-	-	1,292	-	-	1,509
Less: Reinsurance ceded	(1,949,605)	(596,505)	(2,546,110)	(2,558)	-	(209)	(51,747)	(1,119)	(48,137)	(11,953)	(2,661,833)
<b>Net Claims paid</b>	<b>1,855,538</b>	<b>2,935,744</b>	<b>4,791,282</b>	<b>654</b>	<b>-</b>	<b>4,025</b>	<b>999,596</b>	<b>18,247</b>	<b>484</b>	<b>(8,128)</b>	<b>58,06,160</b>
Add: Claims outstanding at the end of the year	652,962	23,325,431	23,978,393	15,521	1,651	10,064	241,747	26,089	11,292	620,869	24,905,626
Less: Claims outstanding at the beginning of the year	(451,502)	(18,698,176)	(19,149,678)	(22,385)	(1,786)	(14,777)	(138,651)	(32,536)	(13,336)	(398,536)	(19,771,685)
<b>Total claims incurred (Net)</b>	<b>2,056,998</b>	<b>7,562,999</b>	<b>9,619,997</b>	<b>(6,210)</b>	<b>(135)</b>	<b>(688)</b>	<b>1,102,692</b>	<b>11,800</b>	<b>(1,560)</b>	<b>214,205</b>	<b>10,940,101</b>

**MISCELLANEOUS CLAIM INCURRED [NET] BREAKUP FOR THE YEAR ENDED 31 MARCH 2022**

(Rs in '000)

Particulars	MISCELLANEOUS										
	MOTOR			ENGI-NEERING	PUBLIC/PRODUCT LIABILITY	WORKS-MEN'S COM-PENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		TOTAL
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Claims paid											
Direct	2,057,552	1,586,586	3,644,138	6,345	36	5,180	621,504	16,361	261	3,883	4,297,708
Add: Reinsurance accepted	-	-	-	361	-	-	-	1,202	-	-	1,563
Less: Reinsurance ceded	(1,453,703)	(246,463)	(1,700,166)	(5,724)	(23)	(259)	(50,447)	(818)	(223)	(1,740)	(1,759,400)
<b>Net Claims paid</b>	<b>603,849</b>	<b>1,340,123</b>	<b>1,943,972</b>	<b>982</b>	<b>13</b>	<b>4,921</b>	<b>571,057</b>	<b>16,745</b>	<b>38</b>	<b>2,143</b>	<b>2,539,871</b>
Add: Claims outstanding at the end of the year	451,502	18,698,176	19,149,678	22,385	1,786	14,777	138,651	32,536	13,336	398,536	19,771,685
Less: Claims outstanding at the beginning of the year	(330,318)	(15,255,288)	(15,585,606)	(23,435)	(2,080)	(6,174)	(150,878)	(35,779)	(15,964)	(313,423)	(16,133,339)
<b>Total claims incurred (Net)</b>	<b>725,033</b>	<b>4,783,011</b>	<b>5,508,044</b>	<b>(68)</b>	<b>(281)</b>	<b>13,524</b>	<b>558,830</b>	<b>13,502</b>	<b>(2,590)</b>	<b>87,256</b>	<b>6,178,217</b>



### SCHEDULE – 3 COMMISSION

(Rs in '000)

Particulars	YEAR ENDED 31 MARCH 2023						YEAR ENDED 31 MARCH 2022					
	FIRE	MARINE			*MIS-CELLA-NEOUS	TOTAL	FIRE	MARINE			*MIS-CELLA-NEOUS	TOTAL
		MARINE CARGO	MARINE HULL	MARINE TOTAL				MARINE CARGO	MARINE HULL	MARINE TOTAL		
Commission paid												
Direct	188,581	22,394	-	22,394	1,512,042	1,723,017	150,505	16,476	-	16,476	1,048,503	1,215,484
<b>TOTAL (A)</b>	<b>188,581</b>	<b>22,394</b>	<b>-</b>	<b>22,394</b>	<b>1,512,042</b>	<b>1,723,017</b>	<b>150,505</b>	<b>16,476</b>	<b>-</b>	<b>16,476</b>	<b>1,048,503</b>	<b>1,215,484</b>
Add: Commission on reinsurance accepted	66,100	2,503	-	2,503	4,060	72,663	42,805	2,365	-	2,365	6,325	51,495
Less: Commission on reinsurance ceded	(321,126)	(33,033)	-	(33,033)	(680,888)	(1,035,047)	(232,503)	(30,907)	-	(30,907)	(1,221,875)	(1,485,285)
<b>Net commission</b>	<b>(66,445)</b>	<b>(8,136)</b>	<b>-</b>	<b>(8,136)</b>	<b>835,214</b>	<b>760,633</b>	<b>(39,193)</b>	<b>(12,066)</b>	<b>-</b>	<b>(12,066)</b>	<b>(167,047)</b>	<b>(218,306)</b>

\*Refer to Schedule - 3(A)

### COMMISSION PAID - DIRECT

(Rs in '000)

Particulars	YEAR ENDED 31 MARCH 2023						YEAR ENDED 31 MARCH 2022					
	FIRE	MARINE			*MIS-CELLA-NEOUS	TOTAL	FIRE	MARINE			*MIS-CELLA-NEOUS	TOTAL
		MARINE CARGO	MARINE HULL	MARINE TOTAL				MARINE CARGO	MARINE HULL	MARINE TOTAL		
Agents	(48)	46	-	46	43,673	43,672	348	88	-	88	37,942	38,378
Brokers	182,075	22,293	-	22,293	1,206,601	1,410,969	143,406	16,195	-	16,195	761,727	921,328
Corporate agency	6,550	55	-	55	37,962	44,567	6,745	193	-	193	59,013	65,951
Motor Insurance Service Providers	-	-	-	-	14,219	14,219	-	-	-	-	17,472	17,472
Point of Sale	-	-	-	-	205,874	205,874	-	-	-	-	162,969	162,969
Insurance Marketing Firm	3	-	-	-	711	714	6	-	-	-	1,640	1,646
Web aggregators	-	-	-	-	3,003	3,003	-	-	-	-	7,740	7,740
<b>TOTAL (B)</b>	<b>188,581</b>	<b>22,394</b>	<b>-</b>	<b>22,394</b>	<b>1,512,042</b>	<b>1,723,017</b>	<b>150,505</b>	<b>16,476</b>	<b>-</b>	<b>16,476</b>	<b>1,048,503</b>	<b>1,215,484</b>

### SCHEDULE – 3 (A) COMMISSION

#### MISCELLANEOUS COMMISSION BREAKUP FOR THE YEAR ENDED 31 MARCH 2023

(Rs in '000)

Particulars	MISCELLANEOUS										
	MOTOR			ENGI-NEERING	PUBLIC/ PRODUCT LIABILITY	WORKS- MEN'S COM- PENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		TOTAL
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Commission paid											
Direct	1,128,687	193,287	1,321,974	11,426	69	2,933	145,936	8,948	22,146	(1,390)	1,512,042
<b>TOTAL (A)</b>	<b>1,128,687</b>	<b>193,287</b>	<b>1,321,974</b>	<b>11,426</b>	<b>69</b>	<b>2,933</b>	<b>145,936</b>	<b>8,948</b>	<b>22,146</b>	<b>(1,390)</b>	<b>1,512,042</b>
Add: Commission on reinsurance accepted	-	-	-	3,603	-	-	-	-	448	9	4,060
Less: Commission on reinsurance ceded	(517,371)	(51,726)	(569,097)	(19,335)	(69)	(163)	(26,092)	(1,306)	(61,073)	(3,753)	(680,888)
<b>Net commission</b>	<b>611,316</b>	<b>141,561</b>	<b>752,877</b>	<b>(4,306)</b>	<b>-</b>	<b>2,770</b>	<b>119,844</b>	<b>7,642</b>	<b>(38,479)</b>	<b>(5,134)</b>	<b>835,214</b>

#### MISCELLANEOUS COMMISSION BREAKUP FOR THE YEAR ENDED 31 MARCH 2022

(Rs in '000)

Particulars	MISCELLANEOUS										
	MOTOR			ENGI-NEERING	PUBLIC/ PRODUCT LIABILITY	WORKS- MEN'S COM- PENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		TOTAL
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Commission paid											
Direct	802,349	123,909	926,258	7,958	17	2,432	73,441	4,276	22,302	11,819	1,048,503
<b>TOTAL (A)</b>	<b>802,349</b>	<b>123,909</b>	<b>926,258</b>	<b>7,958</b>	<b>17</b>	<b>2,432</b>	<b>73,441</b>	<b>4,276</b>	<b>22,302</b>	<b>11,819</b>	<b>1,048,503</b>
Add: Commission on reinsurance accepted	-	-	-	2,981	-	-	-	-	3,238	106	6,325
Less: Commission on reinsurance ceded	(890,238)	(215,004)	(1,105,242)	(12,305)	(119)	(108)	(29,762)	(1,008)	(62,180)	(11,151)	(1,221,875)
<b>Net commission</b>	<b>(87,889)</b>	<b>(91,095)</b>	<b>(178,984)</b>	<b>(1,366)</b>	<b>(102)</b>	<b>2,324</b>	<b>43,679</b>	<b>3,268</b>	<b>(36,640)</b>	<b>774</b>	<b>(167,047)</b>

## SCHEDULE – 4 OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

(Rs in '000)

Particulars	YEAR ENDED 31 MARCH 2023						YEAR ENDED 31 MARCH 2022					
	FIRE	MARINE			*MIS-CELLANEOUS	TOTAL	FIRE	MARINE			*MIS-CELLANEOUS	TOTAL
		MARINE CARGO	MARINE HULL	MARINE TOTAL				MARINE CARGO	MARINE HULL	MARINE TOTAL		
Employees' remuneration and welfare benefits	206,643	19,596	-	19,596	1,646,902	1,873,141	164,348	15,070	-	15,070	1,165,533	1,344,952
Travel, conveyance and vehicle running expenses	11,445	1,123	-	1,123	68,402	80,970	4,086	387	-	387	21,962	26,435
Training expenses	475	45	-	45	3,790	4,310	192	18	-	18	1,360	1,569
Rents, rates and taxes	12,288	1,243	-	1,243	97,091	110,622	7,484	724	-	724	51,693	59,901
Repairs and maintenance	4,630	454	-	454	27,668	32,752	1,118	104	-	104	6,010	7,232
Printing and stationery	1,940	192	-	192	11,595	13,727	1,221	115	-	115	6,561	7,897
Communication	4,444	435	-	435	26,559	31,438	1,874	178	-	178	10,070	12,122
Legal and professional charges	14,277	1,400	-	1,400	118,591	134,268	10,550	994	-	994	71,930	83,474
Auditors' fees, expenses etc.												
(a) as auditor	509	50	-	50	3,041	3,600	665	65	-	65	3,570	4,300
(b) as adviser or in any other capacity, in respect of												
(i) Taxation matters	153	15	-	15	917	1,085	131	10	-	10	704	845
(ii) Insurance matters	74	8	-	8	443	525	78	7	-	7	420	505
(d) out of pocket expenses	41	5	-	5	246	292	14	2	-	2	77	93
Advertisement and publicity	889,293	87,277	-	87,277	5,314,805	6,291,375	592,110	55,927	-	55,927	3,182,945	3,830,982
Interest and bank charges	17,808	1,749	-	1,749	106,430	125,987	10,431	984	-	984	56,076	67,491
Others												
Manpower hire charges	9,631	945	-	945	57,557	68,133	8,266	780	-	780	44,433	53,479
Information technology expenses	28,067	2,755	-	2,755	167,742	198,564	12,141	1,146	-	1,146	65,263	78,550
Membership fees and subscription expenses	1,521	149	-	149	9,088	10,758	1,643	156	-	156	8,833	10,632
Business promotion expenses	3,464	340	-	340	20,705	24,509	1,796	170	-	170	9,651	11,617
Miscellaneous expenses	10,467	511	-	511	37,444	48,422	3,414	673	-	673	21,798	25,885
Depreciation	17,928	1,760	-	1,760	107,148	126,836	11,626	1,099	-	1,099	62,499	75,224
<b>TOTAL</b>	<b>1,235,098</b>	<b>120,052</b>	<b>-</b>	<b>120,052</b>	<b>7,826,164</b>	<b>9,181,314</b>	<b>833,188</b>	<b>78,609</b>	<b>-</b>	<b>78,609</b>	<b>4,791,388</b>	<b>5,703,185</b>

\*Refer to Schedule - 4(A)

**SCHEDULE – 4 (A)**

**MISCELLANEOUS OPERATING EXPENSES RELATED TO INSURANCE BUSINESS BREAK UP FOR THE YEAR ENDED 31 MARCH 2023**

(Rs in '000)

Particulars	MISCELLANEOUS										
	MOTOR			ENGI-NEERING	PUBLIC/PRODUCT LIABILITY	WORKS-MEN'S COM-PENSATION	HEALTH INSUR-ANCE	PERSONAL ACCIDENT	OTHERS		GRAND TOTAL
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Employees' remuneration and welfare benefits	411,857	755,719	1,167,576	7,057	24	1,106	421,699	16,622	32,818	-	1,646,902
Travel, conveyance and vehicle running expenses	18,364	39,824	58,188	401	1	58	7,581	300	1,873	-	68,402
Training expenses	948	1,739	2,687	16	0	3	970	38	76	-	3,790
Rents, rates and taxes	20,061	43,504	63,565	430	1	72	29,296	1,717	2,009	1	97,091
Repairs and maintenance	7,428	16,108	23,536	162	1	24	3,067	121	757	-	27,668
Printing and stationery	3,113	6,751	9,864	68	-	10	1,285	51	317	-	11,595
Communication	7,130	15,462	22,592	156	1	23	2,944	116	727	-	26,559
Legal and professional charges	46,273	49,675	95,948	500	2	73	19,358	374	2,336	-	118,591
Auditors' fees, expenses etc.											
(a) as auditor	816	1,771	2,587	18	-	3	337	13	83	-	3,041
(b) as adviser or in any other capacity, in respect of											
(i) Taxation matters	246	534	780	5	-	1	102	4	25	-	917
(ii) Insurance matters	119	258	377	3	-	-	49	2	12	-	443
(d) out of pocket expenses	66	144	210	1	-	-	27	1	7	-	246
Advertisement and publicity	1,426,889	3,094,289	4,521,178	31,134	105	4,524	589,066	23,292	145,506	-	5,314,805
Interest and bank charges	28,574	61,964	90,538	623	2	91	11,796	466	2,914	-	106,430
Others											
Manpower hire charges	15,453	33,510	48,963	337	1	49	6,379	252	1,576	-	57,557
Information technology expenses	45,034	97,660	142,694	983	3	143	18,592	735	4,592	-	167,742
Membership fees and Subscription expenses	2,440	5,291	7,731	53	-	8	1,007	40	249	-	9,088
Business promotion expenses	5,559	12,054	17,613	121	-	18	2,295	91	567	-	20,705
Miscellaneous expenses	8,509	18,453	26,962	329	1	27	5,032	2,379	2,095	619	37,444
Depreciation	28,766	62,382	91,148	628	2	91	11,876	470	2,933	-	107,148
<b>TOTAL</b>	<b>2,077,645</b>	<b>4,317,092</b>	<b>6,394,737</b>	<b>43,025</b>	<b>144</b>	<b>6,324</b>	<b>1,132,758</b>	<b>47,084</b>	<b>201,472</b>	<b>620</b>	<b>7,826,164</b>

**MISCELLANEOUS OPERATING EXPENSES RELATED TO INSURANCE BUSINESS BREAKUP FOR THE YEAR ENDED 31 MARCH 2022**

(Rs in '000)

Particulars	MISCELLANEOUS										GRAND TOTAL
	MOTOR			ENGI-NEERING	PUBLIC/PRODUCT LIABILITY	WORKS-MEN'S COM-PENSATION	HEALTH INSUR-ANCE	PERSONAL ACCIDENT	OTHERS		
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						Other Liability	Others	
Employees' remuneration and welfare benefits	335,986	565,764	901,750	5,704	7	889	208,092	10,497	34,897	3,697	1,165,533
Travel, conveyance and vehicle running expenses	6,286	12,880	19,166	144	-	21	1,564	79	894	94	21,962
Training expenses	392	660	1,052	7	0	1	243	12	41	4	1,360
Rents, rates and taxes	11,765	24,110	35,875	263	-	47	12,185	1,511	1,636	176	51,693
Repairs and maintenance	1,720	3,524	5,244	39	-	6	428	22	245	26	6,010
Printing and stationery	1,878	3,848	5,726	43	-	6	467	24	267	28	6,561
Communication	2,882	5,906	8,788	66	-	10	717	36	410	43	10,070
Legal and professional charges	26,591	33,257	59,848	372	1	54	8,897	205	2,309	244	71,930
Auditors' fees, expenses etc											
(a) as auditor	1,022	2,095	3,117	23	-	3	254	13	145	15	3,570
(b) as adviser or in any other capacity, in respect of											
(i) Taxation matters	201	412	613	5	-	1	50	3	29	3	704
(ii) Insurance matters	120	246	366	3	-	-	30	2	17	2	420
(d) out of pocket expenses	22	45	67	1	-	-	6	-	3	-	77
Advertisement and publicity	910,909	1,866,578	2,777,487	20,870	32	3,051	226,726	11,520	129,585	13,674	3,182,945
Interest and bank charges	16,048	32,884	48,932	368	1	54	3,994	203	2,283	241	56,076
Others											
Manpower hire charges	12,716	26,057	38,773	291	-	43	3,165	161	1,809	191	44,433
Information technology expenses	18,677	38,272	56,949	428	1	63	4,649	236	2,657	280	65,263
Membership fees and Subscription expenses	2,528	5,180	7,708	58	-	8	629	32	360	38	8,833
Business promotion expenses	2,762	5,660	8,422	63	-	9	688	35	393	41	9,651
Miscellaneous expenses	6,144	7,688	13,832	297	-	13	1,182	47	534	5,893	21,798
Depreciation	17,886	36,652	54,538	410	1	60	4,452	226	2,544	268	62,499
<b>TOTAL</b>	<b>1,376,535</b>	<b>2,671,718</b>	<b>4,048,253</b>	<b>29,455</b>	<b>43</b>	<b>4,339</b>	<b>478,418</b>	<b>24,864</b>	<b>181,058</b>	<b>24,958</b>	<b>4,791,388</b>



## SCHEDULE – 5 SHARE CAPITAL

(Rs in '000)

Particulars	As at 31 Mar 2023	As at 31 Mar 2022
<b>Authorised Capital</b>		
35,00,00,000 (Previous Year - 20,00,00,000) Equity Shares of Rs 10/- each fully paid-up	35,00,000	20,00,000
<b>Issued Capital</b>		
24,66,69,177 (Previous Year - 15,47,07,250) Equity Shares of Rs 10/- each fully paid-up	24,66,692	15,47,073
<b>Subscribed Capital</b>		
24,66,69,177 (Previous Year - 15,47,07,250) Equity Shares of Rs 10/- each fully paid-up	24,66,692	15,47,073
<b>Called-up- Capital</b>		
24,66,69,177 (Previous Year - 15,47,07,250) Equity Shares of Rs 10/- each fully paid-up	24,66,692	15,47,073
Less: Calls unpaid	-	-
Add: Equity Shares forfeited (Amount originally paid up)	-	-
Less: Par value of equity shares bought back	-	-
Less:		
(i) Preliminary expenses	-	-
(ii) Expenses including commission or brokerage on underwriting or subscription of shares	-	-
<b>TOTAL</b>	<b>24,66,692</b>	<b>15,47,073</b>

## SCHEDULE – 5A PATTERN OF SHAREHOLDING

(As certified by the management)

(Rs in '000)

Shareholder	As at 31 Mar 2023		As at 31 Mar 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
<b>Promoters</b>				
Indian	210,498,112	85.34%	103,828,512	67.12%
Foreign	32,000,000	12.97%	32,000,000	20.68%
<b>Others</b>	4,171,065	1.69%	18,878,738	12.20%
<b>TOTAL</b>	<b>246,669,177</b>	<b>100.00%</b>	<b>154,707,250</b>	<b>100.00%</b>

## SCHEDULE – 6 RESERVES AND SURPLUS

(Rs in '000)

Particulars	As at 31 Mar 2023		As at 31 Mar 2022	
Capital reserve		-		-
Capital redemption reserve		-		-
Share premium				
Balance brought forward from Previous Year	2,780,294		2,796,224	
Add: Addition during the year	6,450,229		-	
Less: Share / Debenture Issue Expenses	(20,760)	9,209,763	(15,930)	2,780,294
General reserve		-		-
Less: Amount utilized for buy-back		-		-
Catastrophe reserve		-		-
Other reserves		-		-
Debenture Redemption Reserve		-		-
Balance brought forward from Previous Year	-		-	
Add: Addition during the year	-	-	-	-
Balance of profit in profit & loss account		-		-
<b>TOTAL</b>		<b>9,209,763</b>		<b>2,780,294</b>

## SCHEDULE – 7 BORROWINGS

(Rs in '000)

Particulars	As at 31 Mar 2023	As at 31 Mar 2022
Debentures/ Bonds (Refer Note 17.21c)	1,000,000	1,000,000
Banks (Refer Note below)		
- Due within 12 months	450	1,551
- Due after 12 months	141	587
Financial institutions		
- Due within 12 months	-	-
- Due after 12 months	-	-
Others	-	-
<b>TOTAL</b>	<b>1,000,591</b>	<b>1,002,138</b>

Note:-

Bank borrowing is secured by hypothecation of vehicles, the WDV of which is Rs. 366 thousands (Previous Year Rs. 1,765 thousands)

## SCHEDULE – 8 INVESTMENTS - SHAREHOLDERS (Refer Note 16.10)

(Rs in '000)

Particulars	As at 31 Mar 2023	As at 31 Mar 2022
<b>LONG TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills	4,020,932	2,712,083
Other approved securities	49,848	43,700
Other investments		
(a) Shares		
(i) Equity	-	-
(ii) Preference	-	-
(b) Mutual funds	-	-
(c) Debentures/ Bonds	1,022,850	588,829
(d) Investment properties-real estate	-	-
(e) Other securities (Bank deposits)	10,022	31,391
Investments in infrastructure and housing	2,081,483	933,318
<b>TOTAL LONG TERM INVESTMENTS</b>	<b>7,185,135</b>	<b>4,309,321</b>
<b>SHORT TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills	-	-
Other approved securities	-	-
Other investments		
(a) Shares		
(i) Equity	-	-
(ii) Preference	-	-
(b) Mutual funds	155,425	370,192
(c) Debentures/ Bonds	100,869	25,716
(d) Investment properties-real estate	-	-
(e) Other securities (Bank deposits)	52,501	122,113
Investments in infrastructure and housing	35,705	-
<b>TOTAL SHORT TERM INVESTMENTS</b>	<b>344,500</b>	<b>518,021</b>
<b>TOTAL</b>	<b>7,529,635</b>	<b>4,827,342</b>

**NOTES :**

- The Company does not have any investments in equity instruments.
- Aggregate value of the investments other than Mutual funds

(Rs in '000)

Long Term Investments	- Book Value	7,185,135	4,309,321
	- Market Value	7,016,468	4,291,451
Short Term Investments	- Book Value	189,075	147,829
	- Market Value	187,440	147,841
Total	- Book Value	7,374,210	4,457,150
	- Market Value	7,203,908	4,439,292

## 3) Aggregate value of the investments in Mutual funds

Long Term Investments	- Book Value	-	-
Short Term Investments	- Book Value	155,287	370,077

- 4) Value of contracts in relation to investments where deliveries are pending Rs. Nil (Previous Year - 6,809 thousand) and in respect of sale of Investments where payments are overdue Rs. Nil thousand (Previous Year - Nil).
- 5) Investments in Mutual Funds includes Rs. 138 thousand (Previous Year Rs. 115 thousand) being the change in their fair value as at 31 March 2023, which is classified under Fair Value Change Account.
- 6) All the above investments are performing assets.
- 7) Investments made are in accordance with the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 as amended and various other circulars/notifications issued by the IRDAI in this context from time to time.
- 8) There are no Investments outside India.
- 9) Investment assets have been allocated in the ratio of Policyholders and Shareholders Funds. (Refer Note 16.10B)

## SCHEDULE – 8A

### INVESTMENTS - POLICYHOLDERS (Refer Note 16.10)

(Rs in '000)

Particulars	As at 31 Mar 2023	As at 31 Mar 2022
<b>LONG TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills	24,063,596	18,886,822
Other approved securities	298,321	304,324
Other investments		
(a) Shares		
(i) Equity	-	-
(ii) Preference	-	-
(b) Mutual funds	-	-
(c) Debentures/ Bonds	6,121,337	4,100,582
(d) Investment properties-real estate	-	-
(e) Other securities (Bank deposits)	59,978	218,609
Investments in infrastructure and housing	12,456,805	6,499,581
<b>TOTAL LONG TERM INVESTMENTS</b>	<b>43,000,037</b>	<b>30,009,918</b>
<b>SHORT TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills	-	-
Other approved securities	-	-
Other investments		
(a) Shares		
(i) Equity	-	-
(ii) Preference	-	-
(b) Mutual funds	930,150	2,578,002
(c) Debentures/ Bonds	603,656	179,086
(d) Investment properties-real estate	-	-
(e) Other securities (Bank deposits)	314,199	850,387
Investments in infrastructure and housing	213,682	-
<b>TOTAL SHORT TERM INVESTMENTS</b>	<b>2,061,687</b>	<b>3,607,475</b>
<b>TOTAL</b>	<b>45,061,724</b>	<b>33,617,393</b>

**NOTES :**

- 1) The Company does not have any investments in equity instruments.

2) Aggregate value of the investments other than Mutual funds

(Rs in '000)

Long Term Investments	- Book Value	43,000,037	30,009,918
	- Market Value	41,990,632	29,885,474
Short Term Investments	- Book Value	1,131,537	1,029,473
	- Market Value	1,121,753	1,029,557
Total	- Book Value	44,131,574	31,039,391
	- Market Value	43,112,385	30,915,031

3) Aggregate value of the investments in Mutual funds

Long Term Investments	- Book Value	-	-
Short Term Investments	- Book Value	929,325	2,577,202

- 4) Value of contracts in relation to investments where deliveries are pending Rs. Nil (Previous Year - 47,416 thousand) and in respect of sale of Investments where payments are overdue Rs. Nil (Previous Year - Nil).
- 5) Investments in Mutual Funds includes Rs. 825 thousand (Previous Year Rs. 800 thousand) being the change in their fair value as at 31 March 2023, which is classified under Fair Value Change Account.
- 6) All the above investments are performing assets.
- 7) Investments made are in accordance with the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 as amended and various other circulars/notifications issued by the IRDAI in this context from time to time.
- 8) There are no Investments outside India.
- 9) Investment assets have been allocated in the ratio of Policyholders and Shareholders Funds. (Refer Note 16.10B)

## SCHEDULE - 9 LOANS

(Rs in '000)

Particulars	As at 31 Mar 2023	As at 31 Mar 2022
<b>SECURITY-WISE CLASSIFICATION</b>		
<b>Secured</b>		
(a) On mortgage of property		
(aa) In India	-	-
(bb) Outside India	-	-
(b) On Shares, Bonds, Govt. Securities	-	-
(c) Others	-	-
<b>Unsecured</b>	-	2,643
<b>TOTAL</b>	<b>-</b>	<b>2,643</b>
<b>BORROWER-WISE CLASSIFICATION</b>		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others (Employee Benefit Trust)	-	2,643
<b>TOTAL</b>	<b>-</b>	<b>2,643</b>
<b>PERFORMANCE-WISE CLASSIFICATION</b>		
(a) Loans classified as standard		
(aa) In India	-	2,643
(bb) Outside India	-	-
(b) Non-performing loans less provisions		
(aa) In India	-	-
(bb) Outside India	-	-
<b>TOTAL</b>	<b>-</b>	<b>2,643</b>
<b>MATURITY-WISE CLASSIFICATION</b>		
(a) Short Term	-	-
(b) Long Term	-	2,643
<b>TOTAL</b>	<b>-</b>	<b>2,643</b>

**SCHEDULE – 10**  
**FIXED ASSETS**

(Rs in '000)

Particulars	Gross Block				Depreciation/Amortisation				Net Block
	Opening as at 01 April 2022	Additions / Transfer	Deductions / Transfer	Closing as at 31 Mar 2023	As at 01 Apr 2022	For the year ended 31 Mar 2023	On Sales/ Adjustments	As at 31 Mar 2023	As at 31 Mar 2023
Computer Software*	375,596	57,176	24,703	408,069	202,079	63,082	23,636	241,525	166,544
Leasehold improvements	19,295	86,625	6,128	99,792	11,038	9,658	4,313	16,383	83,409
Furniture & Fittings	1,948	30,477	2,352	30,073	1,761	12,974	744	13,991	16,082
Information Technology Equipment	129,003	40,290	11,784	157,509	77,209	30,846	11,397	96,658	60,851
Vehicles	11,267	-	1,764	9,503	9,502	1,399	1,764	9,137	366
Office Equipment	2,174	56,906	(3,671)	62,751	1,828	8,167	(1,930)	11,925	50,826
Electronic Equipment	4,585	670	4,202	1,053	2,066	710	1,874	902	151
<b>TOTAL</b>	<b>543,868</b>	<b>272,144</b>	<b>47,262</b>	<b>768,750</b>	<b>305,483</b>	<b>126,836</b>	<b>41,798</b>	<b>390,521</b>	<b>378,229</b>
Capital Work in Progress	37,141	37,076	35,228	38,989	-	-	-	-	38,989
<b>Grand Total</b>	<b>581,009</b>	<b>309,220</b>	<b>82,490</b>	<b>807,739</b>	<b>305,483</b>	<b>126,836</b>	<b>41,798</b>	<b>390,521</b>	<b>417,218</b>

(Rs in '000)

Particulars	Gross Block				Depreciation/Amortisation				Net Block
	Opening as at 01 Apr 2021	Additions / Transfer	Deductions / Transfer	Closing as at 31 Mar 2022	As at 01 Apr 2021	For the year ended 31 Mar 2022	On Sales/ Adjustments	As at 31 Mar 2022	As at 31 Mar 2022
Computer Software*	342,229	38,624	5,257	375,596	154,806	51,883	4,610	202,079	173,517
Leasehold improvements	20,217	-	922	19,295	9,242	2,460	664	11,038	8,257
Furniture & Fittings	2,236	29	317	1,948	1,800	77	116	1,761	187
Information Technology Equipment	83,101	46,083	181	129,003	58,799	18,527	117	77,209	51,794
Vehicles	12,348	-	1,081	11,267	8,565	1,547	610	9,502	1,765
Office Equipment	2,128	46	-	2,174	1,554	274	-	1,828	346
Electronic Equipment	4,705	-	120	4,585	1,667	456	57	2,066	2,519
<b>TOTAL</b>	<b>466,964</b>	<b>84,782</b>	<b>7,878</b>	<b>543,868</b>	<b>236,433</b>	<b>75,224</b>	<b>6,174</b>	<b>305,483</b>	<b>238,385</b>
Capital Work in Progress	5,537	31,604	-	37,141	-	-	-	-	37,141
<b>Grand Total</b>	<b>472,501</b>	<b>116,386</b>	<b>7,878</b>	<b>581,009</b>	<b>236,433</b>	<b>75,224</b>	<b>6,174</b>	<b>305,483</b>	<b>275,526</b>

\*Useful life of software is ranging between 1 to 13 years

## SCHEDULE – 11

### CASH AND BANK BALANCES

(Rs in '000)

Particulars	As at 31 Mar 2023	As at 31 Mar 2022
Cash (including cheques, drafts and stamps)	-	3,706
Bank balances		
(a) Deposit accounts		
(aa) Short-term (due within 12 months)	-	-
(bb) Others	-	-
(b) Current accounts	3,023,336	253,020
(c) Others	-	-
Money at call and short notice		
(a) With banks	-	-
(b) With other institutions	-	-
Others	-	-
<b>TOTAL</b>	<b>3,023,336</b>	<b>256,726</b>

## SCHEDULE – 12

### ADVANCES AND OTHER ASSETS

(Rs in '000)

Particulars	As at 31 Mar 2023	As at 31 Mar 2022
<b>ADVANCES</b>		
Reserve deposits with ceding companies	-	-
Application money for investments	-	-
Prepayments	28,945	58,151
Advances to directors/officers	-	-
Advance tax paid and taxes deducted at source (Net of provision for taxation)	99,841	29,600
<b>Others</b>		
Advance recoverable in cash or in kind	120,319	29,069
Advance to employees	1,011	3,645
Gratuity (excess of plan assets over obligation)	12,561	4,221
<b>TOTAL (A)</b>	<b>262,677</b>	<b>124,686</b>
<b>OTHER ASSETS</b>		
Income accrued on investments	1,210,560	767,514
Outstanding premiums	-	-
Agents' balances	-	-
Foreign agencies balances	-	-
Due from other insurance companies, including reinsurers (net)	601,759	333,469
Due from subsidiaries/ holding company	-	-
Deposit with Reserve Bank of India [Pursuant to section 7 of Insurance Act, 1938]	-	-
<b>Others</b>		
Unutilised GST Credit / Service Tax Credit	335,339	239,849
Unsettled investment contract receivable	150,508	300,000
Unclaimed amount of Policyholders (Investments)	33,660	36,365
Deposits for premises, telephone etc.	73,894	31,560
<b>TOTAL (B)</b>	<b>2,405,720</b>	<b>1,708,757</b>
<b>TOTAL (A+B)</b>	<b>2,668,397</b>	<b>1,833,443</b>



### SCHEDULE – 13 CURRENT LIABILITIES

(Rs in '000)

Particulars	As at 31 Mar 2023	As at 31 Mar 2022
Agents' balances	21,926	19,598
Balances due to other insurance companies (net)	1,216,485	1,276,668
Deposits held on reinsurance ceded	881,843	1,303,923
Premium received in advance	7,476,482	4,348,373
Unallocated premium	37,869	191,608
Sundry creditors	2,094,952	950,489
Due to subsidiaries/ holding company	-	-
Claims outstanding (net)	25,229,884	20,087,081
Due to directors/ officers	-	-
Unclaimed amount of Policyholders (Refer Note 17.33)	33,037	35,597
Others -		
Due to Policyholders	17,700	9,021
GST Liability	35,720	61,033
TDS payable	107,331	60,508
Other statutory dues	16,337	11,583
Book Overdraft	420,674	297,109
Employee Payables	34,390	37,713
Interest accrued but not due on Non-convertible debenture	432	432
Other payable	670,675	333,073
<b>TOTAL</b>	<b>38,295,737</b>	<b>29,023,809</b>

### SCHEDULE – 14 PROVISIONS

(Rs in '000)

Particulars	As at 31 Mar 2023	As at 31 Mar 2022
Reserve for Unearned Premium	10,821,719	6,734,477
Reserve for Premium Deficiency	2,320	1,194
For taxation (net of advance tax and tax deducted at source)	-	-
For proposed dividends	-	-
For dividend distribution tax	-	-
Provision for employee benefit	237,445	194,732
Provision for diminution in value of Investments	-	-
Others	5,042	5,198
<b>TOTAL</b>	<b>11,066,526</b>	<b>6,935,601</b>

### SCHEDULE – 15 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)

(Rs in '000)

Particulars	As at 31 Mar 2023	As at 31 Mar 2022
Discount allowed in issue of shares/ debentures	-	-
Others	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**SCHEDULE – 16****Significant Accounting Policies forming part of the Financial Statements for the year ended 31 March 2023****Background**

Magma HDI General Insurance Company Limited ('the Company') was incorporated on 26 June 2009 and was a joint venture between Poonawalla Fincorp Limited (formerly known as Magma Fincorp Limited), Celica Developers Private Limited, Jaguar Advisory Services Private Limited and HDI Global SE. The Company obtained the regulatory approval to undertake General Insurance business on 22 May 2012 from Insurance Regulatory and Development Authority of India (IRDAI) and holds a valid certificate of registration. Pursuant to Preferential Allotment to and Secondary acquisition of shares by Sanoti Properties LLP ('Sanoti'), an entity predominantly held by Mr. Adar Poonawalla, Sanoti along with its designated partners i.e. Mr. Adar Poonawalla and Rising Sun Holdings Private Limited are classified as Indian Promoters of the Company.

**16 Significant accounting policies****16.1 Basis of preparation of financial statements**

The financial statements have been prepared and presented on a going concern basis in accordance with Generally Accepted Accounting Principles followed in India under the historical cost convention, on accrual basis and in accordance with the applicable provisions of the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, the IRDA Act, 1999, the IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and circulars/notifications issued by IRDAI from time to time, the applicable accounting standards referred to in section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014, and Companies (Accounting Standards) Amendment Rules 2016 dated 30 March 2016 to the extent applicable and the provisions of the Companies Act, 2013 (to the extent applicable), in the manner so required and conform to the statutory provisions in regard to general insurance operations in India. The financial statements are presented in Indian rupees rounded off to nearest thousands.

Accounting policies applied have been consistent with previous year except otherwise stated in the notes and 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.

**16.2 Use of estimate**

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

**16.3 Revenue recognition****i) Premium income**

Premium including reinsurance accepted (net of Goods & Service Tax) other than for Long term (with term more than one year) motor insurance policies for new cars and new two wheelers sold on or after 01 September 2018 is recorded on receipt of complete information, at the commencement of risk. Coinsurance follower premium is recorded on receipt of confirmation from the coinsurance leader. Instalment premium is recorded on receipt of premium.

Premium earned including re-insurance accepted is recognised as income over the period of risk or the policy period based on 1/365 method whichever is appropriate. In case of long term motor insurance policies for new cars and new two wheelers sold on or after 01 September 2018, premium received (net of Goods & Service Tax) for third party liability coverage is recognised equally over the policy period at the commencement of risk on 1/n basis where 'n' denotes the term of the policy in years and premium received for Own damage coverage is recognised in accordance with the movement of Insured Declared Value (IDV) over the period of risk, on receipt of complete information.

Any subsequent adjustments to premium income including that on account of cancellation of policies are recorded in the period in which they occur and are recognised over the remaining period of risk or policy period, as applicable.

**ii) Interest/ dividend income**

Interest income is recognised on accrual basis. Accretion of discount and amortisation of premium relating to debt securities is recognised over the holding/maturity period on Effective Interest Rate basis. Dividend income is recognised when the right to receive the dividend is established.

**iii) Profit/ loss on sale/ redemption of securities**

Profit/loss on sale/redemption of securities is recognised on trade date. The net realised gains or losses on the debt securities is the difference between the net sale consideration and the amortized book value, which is computed on weighted average basis, as on the date of sale. Further, in case of listed equity shares and mutual fund units, the profit or loss on sale also includes the accumulated changes in the fair value previously recognised

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

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 Effective Interest Rate basis.

iv) **Commission income on reinsurance ceded**

Commission income on reinsurance ceded is recognised as income in the period in which risk is ceded.

Profit commission under reinsurance treaties, wherever applicable, is recognised as income in the year in which the same is determined and agreed with the reinsurer.

Sliding scale commission under reinsurance treaties, wherever applicable, is determined at every balance sheet date as per terms of the respective treaties.

#### **16.4 Reinsurance ceded**

Insurance premium on ceding of the risk other than for long term motor insurance policies for new cars and new two wheelers sold on or after 01 September 2018 is recognised simultaneously along with the insurance premium in accordance with reinsurance arrangements with the reinsurers.

In case of long term motor insurance policies for new cars and new two wheelers sold on or after 01 September 2018, Reinsurance premium is recognised on the insurance premium allocated for the year simultaneously along with the recognition of the insurance premium in accordance with the reinsurance arrangements with the reinsurers. Any subsequent revision to premium ceded is recognised in the period of such revision. Adjustment to reinsurance premium arising on cancellation of policies is recognised in the period in which they are cancelled.

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

#### **16.5 Acquisition costs**

Acquisition costs are those costs that vary with, and are primarily related to the acquisition of new and renewal of insurance contracts viz. commission, brokerage, distribution fees, reward etc. These costs are expensed in the period in which they are incurred except for commission on long term motor insurance policies for new cars and new two wheelers sold on or after 01 September 2018.

In case of long term motor insurance policies for new cars and new two wheelers sold on or after 01 September 2018 commission is expensed at the applicable rates on the premium allocated for the year.

#### **16.6 Premium received in advance**

This represents premium received during the period, where the risk commences subsequent to the balance sheet date and in case of long term motor insurance policies for new cars and new two wheelers sold on or after 01 September 2018 premium allocated to subsequent periods.

#### **16.7 Reserve for unexpired risk (Other than Terrorism Pool and Marine Cargo Pool)**

Reserve for unexpired risk is recognised net of reinsurance ceded and represents premium written that is attributable to, and is to be allocated to succeeding accounting periods. For Fire, Marine Cargo and Miscellaneous business, it is calculated on a daily pro-rata basis except in the case of Marine Hull business in which case it is computed at 100% of net premium written on all unexpired policies on the balance sheet date.

#### **16.8 Reserve for Premium deficiency**

Premium deficiency is recognized for the company at segmental revenue account level when the sum of expected claim costs and related expenses (including claim handling cost) exceed the reserve for unexpired risks. Assessment of expected claim cost and related expenses is duly certified by the Appointed Actuary in accordance with IRDAI (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulation, 2016.

#### **16.9 Claims incurred**

Claims are recognized as and when reported. Claims incurred comprises claims paid (net of salvage and other recoveries), change in the outstanding provision of claims and estimated liability for claims incurred but not reported ('IBNR') and claims incurred but not enough reported ('IBNER') net of amounts receivable from reinsurers/coinsurers. It also includes survey fees, legal costs and other ancillary costs directly attributable to claims.

Claims liability (net of amounts receivable from reinsurers/coinsurers) is recognised on the date of intimation on management estimates of ultimate amounts that are likely to be paid on each claim, established by the management in light of past experience, based on estimates from surveyors/insured and based on actuarial valuation (including cases where claim payment period exceeds four years). These estimates are modified for changes, as appropriate on availability of further information.

IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims IBNER. Estimated liability for claims IBNR and claims IBNER is based on actuarial estimate duly certified by the Appointed Actuary of the Company in accordance with guidelines issued by IRDAI and Actuarial Practice Standards issued by the Institute of Actuaries of India.

## 16.10 Investments

Investments are recorded at cost on trade date and includes brokerage, securities transactions tax, stamp duty and other charges incidental to transactions and excludes pre-acquisition interest, if any.

### A) Classification

Investments are made, accounted and classified in accordance with the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, IRDAI (Investment) Regulations, 2016 as amended and various other circulars/notifications issued by the IRDAI in this context from time to time. Investments maturing within twelve months from balance sheet date or investments made with the specific intention to dispose off within twelve months from balance sheet date are classified as short-term investments. Investments other than short term investments are classified as long-term investments.

### B) Allocation of Investment Assets

Investment assets are bifurcated into Policyholders and shareholders funds on notional basis as required by IRDAI circular. Policyholders funds represent amount equivalent to sum of Outstanding Claims including IBNR and IBNER, Unexpired Risk Reserve (URR), Premium Deficiency Reserve, Catastrophe Reserve and Other Liabilities net off other assets as specified by IRDAI and the balance being disclosed as Shareholders Funds.

### C) Valuation

#### Debt Securities

All debt securities are considered as 'held to maturity' and stated at historical cost adjusted for amortization of premium or accretion of discount on effective interest rate basis over the holding period/maturity.

#### Mutual Funds

Investment in Mutual Fund units are stated at latest available Net Asset Value (NAV) at the Balance Sheet date. Unrealised gains/losses are credited/debited to fair value change account.

### D) Fair Value Change Account

In accordance with the IRDAI Regulations, any unrealised gains/losses arising due to change in fair value of mutual fund investments are accounted in "Fair Value Change Account" and carried in the Balance Sheet and is not available for distribution.

### E) Impairment of Investments

An amount, whether interest or principal is said to be overdue if it is not paid to the insurer on the specified date. An asset is classified as an NPA if the interest and/or instalment of principal remain overdue for more than 90 days. Once an investment gets classified as NPA, any unrealized interest is reversed back from investment income and provision on investment is accounted for in accordance with Master Circular - IRDAI (Investment) Regulations, 2016.

The Company assesses at each Balance Sheet date whether any impairment has occurred in respect of investments. If any such indication exists, the carrying value of such investment is reduced to its recoverable amount 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 such loss is reversed and investment is restated to that extent.

## 16.11 Allocation of Income and Expenses

### A) Allocation of Investment Income and Miscellaneous Income

Investment Income has been allocated between Revenue Account and Profit and Loss Account on the basis of the ratio of average policyholder's investment assets to average shareholder's investment assets, average being the balance at the beginning of the year and balance at the end of the reporting year.

The Investment Income allocated to Revenue Account has been further allocated to different segments on the basis of respective Net Written Premium.

Miscellaneous Income which is directly identifiable is allocated on actuals to Revenue Account(s) and Profit and Loss Account as applicable. Miscellaneous Income in Revenue Account which is not directly identifiable has been allocated to different segments on the basis of respective Gross Written Premium.

**B) Allocation of Expenses**

Operating expenses relating to insurance business are allocated to specific classes of business on the following basis:

- i. Expenses which are attributable and identifiable to the business segments, are directly charged to respective business segment.
- ii. Other expenses that are not identifiable to a segment, are allocated on the basis of ratio of gross written premium in each business segment.

In accordance with the IRDAI (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016, operating expenses in excess of segmental limits are borne by the shareholders.

Expenses related to investment activities relating to shareholders funds are charged to Profit and Loss Account.

**16.12 Fixed Assets, intangible assets and capital work-in-progress****A) Fixed assets**

Fixed assets are stated at cost of acquisition (including incidental expenses relating to acquisition and installation) 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.

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

Intangible assets are stated at the consideration paid for acquisition/development and licensing less accumulated amortisation.

**B) Depreciation and amortisation**

Depreciation on fixed assets is provided using the straight-line method based on the economic useful life as estimated by the management/limits specified in Schedule II to the Companies Act, 2013. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed off. Individual assets costing upto Rs 5,000/- are depreciated fully in the year of acquisition. Lease hold improvements are amortised over the primary period of lease.

Intangible assets are amortised over their estimated useful lives on straight-line basis, commencing from the date the asset is available to the Company for its use. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial period and the amortisation period is revised to reflect the changed pattern, if any.

Nature of Fixed Asset	Useful Life as per the Limits prescribed in Schedule II of the Companies Act, 2013	Management Estimate of Useful Life
	Life in Years	Life in Years
Furniture & Fittings	10	10
IT Equipment - Servers and networks	6	6
IT Equipment - Others	3	3
Vehicles	8	4
Office Equipment	5	5
Electronic Equipment	10	10

In case of Vehicles, the management estimate of the useful life is lower than that prescribed in Schedule II of the Companies Act, 2013. This is based on internal assessment.

Management reviews its estimate of useful life at each Balance Sheet date.

**C) Impairment of Assets**

The Company assesses at each Balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such asset is reduced to its recoverable amount 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 such loss is reversed and the asset is restated to that extent.

**16.13 Employee Benefits****i) Short term Employee Benefits**

Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognised in the year in which the employee renders the related service. These benefits includes salaries, bonus, ex-gratia and compensated absences.

**Long Term Employee Benefits****ii) Provident Fund**

Contributions paid/payable to the recognised provident fund, which is a defined contribution scheme, are charged to the Revenue Account/Profit and Loss Account in the year in which it is incurred.

**iii) Gratuity**

The Company's gratuity benefit scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each balance sheet date based on actuarial valuation carried out by an independent actuary using projected unit credit method. Actuarial gains and losses are recognised in the Revenue Account/Profit and Loss Account.

**iv) Compensated absences**

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognised in the year in which the absences occur.

**16.14 Foreign Currency Transactions**

Foreign currency transactions are accounted for at the rates prevailing on the date of the transaction. Exchange differences, if any, arising out of transactions settled during the year are recognised in the Revenue Account/Profit and Loss Account. Monetary assets and liabilities denoted in foreign currencies as at the Balance Sheet date are translated at the closing exchange rates. Resultant exchange differences, if any, are recognised in the Revenue Account/Profit and Loss Account and related assets and liabilities are accordingly restated in the Balance Sheet. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency at the Balance Sheet date are reported using exchange rates at the date of the transaction.

**16.15 Taxes on income**

Income-tax expense is recognised in Profit and Loss Account and comprises of current tax (i.e. amount of tax for the year determined in accordance with the provisions of Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

**i) Current tax**

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

**ii) Deferred tax**

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one year and are capable of reversal in one or more subsequent years. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted on 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 if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

**16.16 Provisions and Contingencies**

A provision is recognised when there is a present obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their 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 the current best estimates.

A disclosure for a contingent liability, other than insurance contracts, 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.

Contingent assets are neither recognised nor disclosed in the financial statements.

**16.17 Earnings per share**

The basic earnings per share is calculated by dividing the net profit after tax by weighted average number of equity shares outstanding during the reporting period.



Number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for basic earnings per share and also weighted average number of equity shares which may be issued on conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are considered. Dilutive potential equity shares are deemed to be converted as at the beginning of the period unless issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable on issuance of potential equity shares. Dilutive potential equity shares are determined independently for each period presented.

#### **16.18 Segment Reporting**

Based on the primary segments identified under the IRDA Act, 1999, the IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and circulars/notifications issued by IRDAI from time to time read with Accounting Standard 17 "Segment Reporting" referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014, 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 accounting policies used in segment reporting are same as those used in the preparation of financial statements.

#### **16.19 Share/ Debentures Issue Expenses**

Securities issue expenses towards shares/debentures issued during the year are adjusted against the Share Premium Account.

#### **16.20 i) 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"). Amount 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, subject to conditions and an overall limit of Rs. 2,000 crore.

In accordance with the Terms of the Agreement, GIC, retrocedes, to the Company, terrorism premium to the extent of the Company's share in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly statements received from the GIC. The reinsurance accepted on account of terrorism pool has been recorded in accordance with the last statement received from the GIC. The Company has created liability, to the extent of 100% of premium (net of claims and expenses) retroceded to the Company during the year, through reserve for unexpired risks.

#### **ii) Marine Cargo Pool**

General Insurance Companies have entered into an arrangement effective 01 June 2022 by creating a pool managed by GIC Re to share in the insurance of Marine Cargo risk insured in the Excluded Territories and War/SRCC risk. Excluded Territories means the Republic of Belarus, Ukraine and/or the Russian Federation.

The members will cede the entire premium underwritten in the above risk categories, after the obligatory cession, to the pool in accordance with the terms of the arrangement. GIC Re retro cedes to the Company, pool premium to the extent of the share agreed to be borne by the Company in the risk, which is recorded as reinsurance accepted. The reinsurance accepted on account of marine cargo pool has been recorded in accordance with the last statement received from the GIC Re.

#### **16.21 Solatium Fund**

In accordance with the requirements of the IRDAI circular dated 18 March 2003 and based on recommendations made at the General Insurance Council in its meeting held on 04 February 2005, the Company provides 0.1% of total third party premium of all Motor Policies (excluding the retro cession on the motor third party for commercial vehicles) towards contribution to the Solatium Fund.

#### **16.22 Transfer of amounts to Senior Citizen Welfare Fund**

The Company transfers amounts outstanding for a period of more than 10 years in Unclaimed amount of Policyholders to the Senior Citizen Welfare Fund (SCWF) on or before March 1st of each financial year.

#### **16.23 Contribution to Environment Relief Fund**

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.

#### **16.24 Employee Stock Option Plan (ESOP)**

The Employees Stock Option Scheme (the Scheme) provides for grant of the equity shares of the Company to eligible employees. The Company follows the fair value method for computing the compensation cost for options granted under the scheme(s). The compensation cost is amortised over the vesting period of the options.

**16.25 Borrowing Costs**

Interest on borrowings is recognised on time proportion basis taking into account the amount outstanding and rate applicable on the borrowings. They are charged to Profit & Loss Account in the period in which they are incurred.

**16.26 Receipts and Payments Account**

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 05 October 2012, issued by IRDAI.

**16.27 Loans given**

Loans are stated at historical cost, subject to provision as per master circular IRDA/F&I/CIR/F&A/231/10/2012 dated 05 October 2012 and impairment, if any.

**16.28 Operating Lease**

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 of assets/premises taken on operating lease are recognised as an expense in the revenue account.

**16.29 Cash and Cash Equivalents**

Cash & cash equivalents include cash and cheques in hand, bank balances and fixed deposits (other than fixed deposits forming part of investment portfolio as per IRDAI investment regulations) with original maturity of three months or less which are subject to insignificant risk of changes in values.

**16.30 Goods and Service Tax**

The Goods and Service Tax ("GST") is collected as per the GST Laws in force and the same is considered as a liability. The Input Tax Credit (ITC) eligible as per the GST Laws is considered as an asset. Eligible ITC is utilized to set off the liability. Unpaid GST liability is disclosed under "Others - GST Liability" in Schedule 13. Any ineligible ITC is expensed off on such determination. The eligible unutilized ITC, if any, is carried forward for utilization in subsequent periods and disclosed in Schedule 12 under "Advances and Other Assets".

**SCHEDULE – 17****Notes to Accounts forming part of the Financial Statements for the year ended 31 March 2023**

**17.1** The Company has used the principles of prudence in applying judgments, estimates and assumptions to assess and provide for the impact of the COVID-19 pandemic on the financial statements based on internal and external sources of information. The Company will continue to closely monitor any changes to the estimates basis future economic conditions. Further, the impact assessment done by the company does not indicate any adverse impact on its ability to continue as a going concern.

**17.2 Contingent Liabilities**

(Rs in '000)

Particulars		As at 31 Mar 2023	As at 31 Mar 2022
1	Partly paid up investments	-	-
2	Underwriting commitments outstanding (in respect of shares and securities)	-	-
3	Claims other than those under policies not acknowledged as debts	-	-
4	Guarantees given by or on behalf of the Company	-	-
5	Statutory demands/liabilities in dispute, not provided for, in respect of		
	• Service Tax <sup>i</sup>	250,268	250,268
	• Goods and Service Tax <sup>ii</sup>	23,764	20,657
	• Income Tax	13	13
6	Reinsurance obligations to the extent not provided for in accounts	-	-
7	Senior Citizens' Welfare Fund	-	-
8	Others <sup>iii</sup>	600,000	600,000

<sup>i</sup> The Company had received a Show Cause Notice (SCN) from Service Tax Authorities in FY21 with respect to payments done to motor dealers, raising a demand of Rs. 250,268 thousand plus interest and penalty. The Company has challenged the SCN and filed a writ petition in the High Court of Calcutta. The Company does not expect any outflow of economic benefits in this case.

<sup>ii</sup> The Company has received certain Show Cause Notices under section 73 and 74 of CGST/SGST Act 2017 for mismatch of input tax credit claimed with GSTR2A, denial of input tax credit for certain transactions and disallowance of certain credit availed in Tran 1. The Company does not expect any outflow of economic benefits in these cases.

<sup>iii</sup> In respect of a regulatory matter pertaining to the capital raise in the year 2012, the Company and two of its directors had received an Order dated 24 November 2021 from the government authority imposing a monetary penalty for alleged violation of Foreign Exchange and Management Act (FEMA). The penalty amounting to Rs. 600,000 thousand was imposed on the Company.

The Company has appealed against the Order in the Appellate Tribunal for Foreign Exchange. The Company has also challenged the Order in High Court (HC) of Calcutta. The Hon'ble HC has admitted Company's writ petition and granted stay on the operation of the above Order until disposal by the Tribunal of the application made by the Company for waiver of pre deposit of penalty or until further Orders by the Court, whichever is earlier.

The Company, based on the opinion from legal experts believes that it has a strong case to defend.

Based on an indemnity provided by the original promoters of Magma Group, who have undertaken to fully indemnify, defend and hold the Company harmless from the aforesaid penalty and associated legal costs, the above Order is unlikely to result into any outflow of economic benefits.

**17.3 Micro & Small Scale Business Entities**

There is no Micro, Small & Medium enterprise to which the Company owes dues, which are outstanding for more than 45 days as at 31 March 2023 (Previous Year Nil). This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

**17.4 Encumbrances on Assets**

The assets of the Company are free from any encumbrances except in case of security deposits of Rs. 72,353 thousand (Previous year - Rs. 29,896 thousand) provided by the Company to the lessors under the operating lease agreements and fixed assets (vehicles) of Rs. 366 thousand (Previous year - Rs. 1,765 thousand) which is hypothecated under finance arrangement with bank.

### 17.5 Capital Commitments

- There are no commitments made and outstanding for Loans and Investments as at 31 March 2023 (Previous year - Nil).
- Estimated amount of commitment pertaining to contracts remaining to be executed in respect of fixed assets (net of advances) is Rs. 65,220 thousand as at 31 March 2023 (Previous year - Rs. 58,850 thousand).

### 17.6 Premium

- All premiums, net of reinsurance are written and received in India.
- Premium income recognized on "Varying Risk Pattern" is Nil (Previous year - Nil).

### 17.7 Sector wise business based on Gross Direct Premium (GDP)

Business Sector	Year ended 31 Mar 2023				Year ended 31 Mar 2022			
	GDP (Rs. in '000)	No. of Policies	% of GDP	% of Policy	GDP (Rs. in '000)	No. of Policies	% of GDP	% of Policy
Rural	8,875,497	1,209,459	35.0	50.0	5,964,373	736,206	33.9	44.1
Urban	16,465,708	1,209,473	65.0	50.0	11,607,281	931,464	66.1	55.9
<b>Total</b>	<b>25,341,205</b>	<b>2,418,932</b>	<b>100.0</b>	<b>100.0</b>	<b>17,571,654</b>	<b>1,667,670</b>	<b>100.0</b>	<b>100.0</b>

Business Sector	Year ended 31 Mar 2023		Year ended 31 Mar 2022	
	GDP (Rs. in '000)	No. of Lives	GDP (Rs. in '000)	No. of Lives
Social	18,615	76,171	14,454	56,579

As against the minimum rural contribution of 7.0% of GDPI mandated by IRDAI, the Company's rural contribution for the year stands at 35.0%. As against the minimum requirement of 5.0% of the total lives written in previous year, the Company's social sector contribution for the year stands at 8.5%.

### 17.8 Premium Retention & Reinsurance

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

For the year ended on 31 March 2023

(Rs in '000)

Particulars	Basis	Gross Premium	Retention	Cession	Retention %	Cession %
Fire	Total Sum Insured	3,659,515	964,689	2,694,826	26.4%	73.6%
Marine Cargo	Value at Risk	359,151	68,691	290,460	19.1%	80.9%
Marine Hull	NA	-	-	-	-	-
Miscellaneous						
Motor	Total Sum Insured	18,605,014	16,082,672	2,522,342	86.4%	13.6%
Engineering	Total Sum Insured	128,117	17,581	110,536	13.7%	86.3%
Public/ Product Liability	Value at Risk	432	155	277	35.9%	64.1%
Workmen's Compensation	Value at Risk	18,615	17,867	748	96.0%	4.0%
Health Insurance	Value at Risk	2,424,056	2,323,334	100,722	95.8%	4.2%
Personal Accident	Value at Risk	95,849	89,862	5,987	93.8%	6.2%
Other Liability	Value at Risk	598,771	18,995	579,776	3.2%	96.8%
Others	Value at Risk	(6,609)	1,323	(7,932)	-20.0%	120.0%
<b>Total</b>		<b>25,882,911</b>	<b>19,585,169</b>	<b>6,297,742</b>	<b>75.7%</b>	<b>24.3%</b>

The above excludes Excess of Loss cover reinsurance premium and re-instatement premium of Rs. 156,138 thousand for the year ended on 31 March 2023.

For the year ended on 31 March 2022

(Rs in '000)

Particulars	Basis	Gross Premium	Retention	Cession	Retention %	Cession %
Fire	Total Sum Insured	2,805,507	603,743	2,201,764	21.5%	78.5%
Marine Cargo	Value at Risk	264,991	11,950	253,041	4.5%	95.5%
Marine Hull	NA	-	-	-	-	-
Miscellaneous						
Motor	Total Sum Insured	13,160,156	9,599,088	3,561,068	72.9%	27.1%
Engineering	Total Sum Insured	98,884	17,402	81,482	17.6%	82.4%
Public/ Product Liability	Value at Risk	150	53	97	35.0%	65.0%
Workmen's Compensation	Value at Risk	14,454	13,731	723	95.0%	5.0%
Health Insurance	Value at Risk	1,074,263	980,963	93,300	91.3%	8.7%
Personal Accident	Value at Risk	54,583	50,074	4,509	91.7%	8.3%
Other Liability	Value at Risk	613,994	25,623	588,371	4.2%	95.8%
Others	Value at Risk	64,790	7,607	57,183	11.7%	88.3%
<b>Total</b>		<b>18,151,772</b>	<b>11,310,233</b>	<b>6,841,539</b>	<b>62.3%</b>	<b>37.7%</b>

The above excludes Excess of Loss cover reinsurance premium and re-instatement premium of Rs. 92,666 thousand for the year ended on 31 March 2022.

### 17.9 Reinsurance Regulations

As per Insurance Regulatory and Development Authority (General Insurance - Reinsurance) Regulation, 2018, prior approval from IRDAI is required in case of placement of surplus over and above the domestic reinsurance arrangements with any reinsurer outside India in excess of defined limits of total reinsurance ceded. In terms of the aforesaid regulations, the Company has submitted to the Authority, the details in respects of its reinsurance placements including those where the reinsurance support exceeds the defined limits from overseas reinsurers.

### 17.10 Premium Deficiency Reserve

The Company has recognised Premium Deficiency Reserve on segment basis amounting to Rs. 2,320 thousand as at 31 March 2023 (Previous year Rs.1,194 thousand).

### 17.11 Claims

a. All claims, net of reinsurance incurred and paid to claimants in/outside India are as under.

(Rs in '000)

Particulars	Year ended 31 Mar 2023	Year ended 31 Mar 2022
In India	5,989,927	2,688,636
Outside India	139	111

b. There are no claims which are settled and unpaid for a period of more than six months as on the balance sheet date (Previous Year Nil).

c. Claims where the claim payment period exceeds four years is Nil (Previous Year Nil).

d. Ageing of Gross Claims outstanding is set out in table below:

(Rs in '000)

Particulars	Year ended 31 Mar 2023	Year ended 31 Mar 2022
More than 6 months	7,969,305	5,669,321
Others	3,601,125	2,363,766

17.12 Expenses directly identifiable with investment activity amounting to Rs. 2,890 thousand (Previous Year - Rs. 2,186 thousand) are included under "Investment Expenses" in the Profit and Loss Account.

**17.13 Employee Benefit Plans****Defined Contribution Plan**

(Rs in '000)

Expenses on defined contribution plan	Year ended 31 Mar 2023	Year ended 31 Mar 2022
Contribution to Staff Provident Fund	80,408	57,679
Contribution to National Pension Scheme	7,099	3,811

**Defined Benefit Plan - Gratuity**

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. This plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. The scheme is fully funded with Life Insurance Corporation of India (LIC). This defined benefit plan expose the Company to actuarial risks, such as regulatory risk, credit risk, liquidity risk, etc. as defined below. The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2023. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The disclosure required under the defined benefit plan as per AS-15 for gratuity fund is provided below:

**a) Reconciliation of opening and closing balances of the present value of defined benefit obligation**

(Rs in '000)

Particulars	Year ended 31 Mar 2023	Year ended 31 Mar 2022
	Gratuity	Gratuity
Opening defined benefit obligation	75,926	58,595
Current service cost	15,378	13,184
Past service cost	354	-
Interest cost	4,438	2,963
Actuarial losses/(gains)	7,406	5,479
Benefit paid	(6,093)	(4,295)
Closing defined benefit obligation	97,409	75,926

**b) Changes in the fair value of the plan assets are as follows**

(Rs in '000)

Particulars	Year ended 31 Mar 2023	Year ended 31 Mar 2022
	Gratuity	Gratuity
Opening fair value of the plan assets	80,146	63,871
Interest Income on plan assets	5,602	3,744
Contributions by employer	29,768	19,164
Actuarial losses/(gains)	546	(2,337)
Benefit paid	(6,093)	(4,295)
Closing fair value of the plan assets	109,969	80,146

**c) Net asset/(liability) recognized in the balance sheet**

(Rs in '000)

Particulars	As at 31 Mar 2023	As at 31 Mar 2022
	Gratuity	Gratuity
Present value of the defined benefit obligations	(97,409)	(75,926)
Fair value of plan assets	109,969	80,146
Net asset/(liability)	12,561	4,221



**d) Expense recognized in the Revenue Account**

(Rs in '000)

Particulars	Year ended 31 Mar 2023	Year ended 31 Mar 2022
	Gratuity	Gratuity
Current service cost	15,378	13,184
Past service cost	354	-
Interest on defined benefit obligation	4,438	2,963
Net actuarial losses/(gains) recognized	6,860	7,816
Interest income on plan assets	(5,602)	(3,744)
<b>Total included in "Employee benefit expenses"</b>	<b>21,428</b>	<b>20,219</b>

**e) Summary of actuarial assumptions**

Particulars	Year ended 31 Mar 2023	Year ended 31 Mar 2022
	Gratuity	Gratuity
Discount rate	7.28%	6.09%
Salary increase	8.50%	8.00%
Expected rate of return on plan assets	7.01%	6.09%

**f) Experience adjustments**

(Rs in '000)

Particulars	31 Mar 2023	31 Mar 2022	31 Mar 2021	31 Mar 2020	31 Mar 2019
	Gratuity	Gratuity	Gratuity	Gratuity	Gratuity
Present value of defined benefit obligation	(97,409)	(75,926)	(58,595)	(46,517)	(28,521)
Fair value of plan assets	109,969	80,146	63,871	50,200	33,914
Funded Status	12,561	4,221	5,276	3,683	5,393
Experience (gain)/loss adjustment on plan liabilities	13,655	7,788	156	(708)	244
Experience gain/(loss) adjustment on plan assets	546	(2,337)	-	-	-
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	(6,250)	(2,310)	906	7,690	267

The Gratuity fund is managed by Life Insurance Corporation of India and the Company makes contribution to the fund.

The estimates of Future salary increases takes into account regular increases, price inflation, promotional increases and other relevant factors if applicable

The contribution expected to be made by the Company during the financial year 2023-24, amounts to Rs. 25,715 thousand (Previous year Rs.14,774 thousand).

**Accrued Leave**

The Company has a scheme for accrual of leave for employees, the liability for which is determined on the basis of Actuarial Valuation carried out at the year end. Actuarial Assumption stated above is applicable for accrued leaves also.

(Rs in '000)

Particulars	Year ended 31 Mar 2023	Year ended 31 Mar 2022
Opening Balance	58,615	53,399
Add: Provision made during the year	26,853	13,449
Less: Benefits paid during the year	(9,291)	(8,233)
Closing Balance	76,177	58,615

**17.14** The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on 28 September 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on 13 November 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**17.15** During the year, there is no restructuring pertaining to Loans given by the Company (Previous Year Nil).

**17.16 Details of outsourcing, business development and marketing expenses:**

(Rs in '000)

Particulars	Year ended 31 Mar 2023	Year ended 31 Mar 2022
Outsourcing expenses	148,118	95,066
Business development	24,509	11,617
Marketing Expenses	6,291,375	3,830,982

**17.17 Operating Lease**

The Company's significant leasing arrangements include agreements for office premises. These lease agreements are generally mutually renewable/cancellable by the lessor/lessee. The future total of minimum lease payments relating to non cancellable operating leases are as follows:

(Rs in '000)

Particulars	Year ended 31 Mar 2023	Year ended 31 Mar 2022
Payable not later than one year	67,397	-
Payable later than one year but not later than five years	88,103	-
Payable later than five years	-	-

- Rent expense charged to Revenue account include lease rent paid during the year for non-cancellable leases Rs. 30,891 thousand (Previous year Rs. 948 thousand)
- The period of agreements ranges between three to nine years and generally renewable thereafter at the option of the lessee.

**17.18 Computation of managerial remuneration**

In terms of 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 :

- The Managing Director and Chief Executive Officer (MD & CEO) is remunerated in terms of the approval granted by IRDAI as required under section 34A of the Insurance Act, 1938.

Details of the remuneration is as follows:-

(Rs in '000)

Particulars	Year ended 31 Mar 2023	Year ended 31 Mar 2022
Salary, perquisites & allowances (including incentives)	40,452	34,811
Contribution to Provident and other Funds	1,986	1,475
<b>TOTAL</b>	<b>42,438</b>	<b>36,286</b>

Out of the above Rs. 15,000 thousand has been charged to Revenue account and amount in excess of Rs. 15,000 thousand has been charged to Profit & Loss Account.

- The details of remuneration of Key Management Persons (KMPs) as defined under IRDAI Corporate Governance Guidelines for insurers in India, 2016 are as under:

(Rs in '000)

Particulars	Year ended 31 Mar 2023	Year ended 31 Mar 2022
Salary, perquisites & allowances (including incentives)	165,357	129,786
Contribution to Provident and other Funds	7,612	5,710
<b>TOTAL</b>	<b>172,969</b>	<b>135,496</b>

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

- In addition to above, MD & CEO and KMPs are entitled to Employee Stock Option Plan (ESOP) under the Company's ESOP Scheme.
- Fees paid to Non Executive Directors for attending Board/Committee meetings amounted to Rs. 7,780 thousand (Previous Year Rs. 7,690 thousand).

- 17.19** In terms of disclosure requirements of IRDAI Corporate Governance Guidelines for insurers in India, 2016, details of additional work done by Statutory Auditors is given below :-

(Rs in '000)

Name of the Auditor	Services Rendered	Year ended 31 Mar 2023	Year ended 31 Mar 2022
M S K A & Associates	Certification	405	380
	Taxation Matters	660	420
Singhi & Co.	Certification	120	125
	Taxation Matters	425	425

- 17.20** In accordance with the IRDAI (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016, operating expenses in excess of segmental limits are to be borne by the shareholders. Accordingly, operating expenses in excess of segmental allowable limits pertaining to Motor, Fire, Marine, Health & Miscellaneous segments amounting to Rs. 2,513,399 thousand (Previous Year - Rs. 895,807 thousand) are transferred from Revenue account and charged to Profit and loss account.

The Company has filed an application with IRDAI for forbearance from the above Regulation for the FY 2022-23. The approval is in progress.

**17.21 a. Share Capital**

During the year, the Company has allotted 91,352,000 fresh equity shares (Previous Year Nil) under preferential issue and allotted 609,927 fresh equity shares (Previous Year Nil) under ESOP.

**b. Share Application**

The Company has received Nil (Previous Year Nil) towards share application money.

**c. Debenture Issue**

**i) Gist of the terms of issue are as follows:**

Security Name	8.75% MAGMA HDI 2032
Type, Nature and Seniority of Instrument	Unsecured, subordinated, unlisted, rated, redeemable, taxable, non-cumulative, non-convertible Debentures issued on private placement basis fully paid up
Face Value (per security)	Rs. 1,000,000/- (Rs. Ten Lakhs) per Debenture
Issue Size	Rs. 1,000,000,000/- (Rs. One Hundred Crore)
Issue Date / Date of Allotment	30/03/2022
Redemption Date	30/03/2032
Call option Date	Annually after 5 years i.e. 30/03/2027, 30/03/2028, 30/03/2029, 30/03/2030, 30/03/2031
Coupon Rate	8.75% per annum
Credit Rating	CARE AA (stable Outlook)
Listing	Unlisted
Frequency of the Interest Payment	Annually, 30th March every year

**ii) Maturity Pattern from the date of issue:**

Maturity buckets	Borrowings Amount
1 - 5 yrs	Nil
Above 5 yrs	Rs.1,000,000,000
<b>Total</b>	<b>Rs.1,000,000,000</b>

**17.22 Employee Stock Option Plan (ESOP)**

The Company had introduced an Employee Stock Option Scheme, 2018 ('ESOP Plan') in financial year 2018-19. ESOP Plan 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 Plan, during the year no options were granted (Previous Year - 11,52,500 options under Grant V at an exercise price of Rs. 79.67 per option). The options will vest over a period of one to three years from the date of grant

as given below and are exercisable over a period of four years from the respective date of vesting.

Accordingly, during the year 358,400 Options (Previous Year - 268,800) were vested out of Grant II, 297,750 Options (Previous Year - 297,750) from Grant III and 345,750 Options (Previous Year - Nil) from Grant V.

**Grant - I (Granted in FY 18-19)**

Vesting (%)	Vesting Period
30%	12 months from date of grant
30%	18 months from date of grant
40%	30 months from date of grant

**Grant - II (Granted in FY 19-20)**

Vesting (%)	Vesting Period
30%	12 months from date of grant
30%	15 months from date of grant
40%	27 months from date of grant

**Grant - III (Granted in FY 20-21)**

Vesting (%)	Vesting Period
30%	12 months from date of grant
30%	18 months from date of grant
40%	30 months from date of grant

**Grant - IV (Granted in FY 20-21)**

Vesting (%)	Vesting Period
100%	12 months from date of grant

**Grant - V (Granted in FY 21-22)**

Vesting (%)	Vesting Period
30%	12 months from date of grant
30%	18 months from date of grant
40%	30 months from date of grant

A summary of status of Company's Employee Stock Option Scheme in terms of option granted, forfeited and exercised by the employees is given below:

**Grant - I**

Particulars	31 Mar 2023	31 Mar 2022
Outstanding at the beginning of the year	290,182	484,871
Add: Granted during the year	-	-
Less: Forfeited/lapsed during the year	-	17,213
Less: Exercised during the year	161,268	177,476
<b>Outstanding at the end of the year</b>	<b>128,914</b>	<b>290,182</b>

**Grant - II**

Particulars	31 Mar 2023	31 Mar 2022
Outstanding at the beginning of the year	602,500	896,000
Add: Granted during the year	-	-
Less: Forfeited/lapsed during the year	-	39,400
Less: Exercised during the year	290,500	254,100
<b>Outstanding at the end of the year</b>	<b>312,000</b>	<b>602,500</b>

**Grant - III**

Particulars	31 Mar 2023	31 Mar 2022
Outstanding at the beginning of the year	844,500	992,500
Add: Granted during the year	-	-
Less: Forfeited/lapsed during the year	8,000	52,000
Less: Exercised during the year	172,500	96,000
<b>Outstanding at the end of the year</b>	<b>664,000</b>	<b>844,500</b>

**Grant - IV**

Particulars	31 Mar 2023	31 Mar 2022
Outstanding at the beginning of the year	430,000	430,000
Add: Granted during the year	-	-
Less: Forfeited/lapsed during the year	430,000	-
Less: Exercised during the year	-	-
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>430,000</b>

**Grant - V**

Particulars	31 Mar 2023	31 Mar 2022
Outstanding at the beginning of the year	1,142,500	-
Add: Granted during the year	-	1,152,500
Less: Forfeited/lapsed during the year	50,000	10,000
Less: Exercised during the year	126,000	-
<b>Outstanding at the end of the year</b>	<b>966,500</b>	<b>1,142,500</b>

**Method used for accounting**

The Company has adopted fair value method for computing the compensation cost for the options granted. The estimated fair value of each stock option granted in the stock option plan is Rs 33.34 for Grant - I, Rs. 14.52 for Grant - II, Rs. 18.70 for Grant - III, Rs. 16.49 for Grant - IV and Rs. 30.69 for Grant - V

**Fair Value Methodology**

The fair value of Options on date of grant has been estimated using Black Scholes Model (BSM). The key assumptions used in BSM for calculating fair value under ESOP Plan Grant I, Grant II, Grant III, Grant IV and Grant V as on the date of grant viz. 07 May 2018, 15 January 2020, 22 October 2020, 21 January 2021 and 17 December 2021 are as follows :-

Particulars	Risk free interest rate	Expected life	Expected volatility	Expected dividend yield
Grant I	6.56% to 7.23%	2 to 4 Years	28.03%	Nil
Grant II	6.30% to 6.45%	3 to 4 Years	34.65%	Nil
Grant III	4.69% to 5.21%	3 to 5 Years	40.51%	Nil
Grant IV	4.69% to 5.21%	3 Years	40.51%	Nil
Grant V	5.01% to 5.57%	3 to 5 Years	43.99% to 40.54%	Nil

**Information in respect of options outstanding as on 31 March 2023**

Particulars	Exercise Price	No. of Options	Weighted Average Remaining Life
Grant I	44.10	128,914	10 months
Grant II	42.08	312,000	28 months
Grant III	50.46	664,000	40 months
Grant IV	50.46	-	Nil
Grant V	79.67	966,500	54 months

**17.23 Earning per Share ('EPS')**

Particulars		Units	As at 31 Mar 2023	As at 31 Mar 2022
Profit/(Loss) after Tax	(A)	Rs. '000	(2,871,730)	(124,590)
Weighted average number of equity shares (Basic)	(B)	Nos.	201,929,681	154,707,250
Weighted average number of equity shares (Diluted)*	(C)	Nos.	201,929,681	154,707,250
Basic earnings per share	(A/B)	Rs.	(14.22)	(0.81)
Diluted earnings per share*	(A/C)	Rs.	(14.22)	(0.81)
Face Value per share		Rs.	10.00	10.00

\*In view of losses during the current year, potential equity shares are anti-dilutive. Accordingly effect of potential equity shares has not been considered while calculating dilutive earnings per share.

**17.24** Pursuant to IRDAI (Appointed Actuary) Regulations, the Actuarial Valuation of Liabilities in respect of Claims Incurred But Not Reported ('IBNR') and Claims Incurred But Not Enough Reported ('IBNER') as at 31 March 2023 have been certified by the Appointed Actuary ('AA'). As per the Certificate, the assumptions considered by the AA for valuation of liabilities as at 31 March 2023 are in accordance with the guidelines issued by IRDAI and the Actuarial Practice Standards issued by the Institute of Actuaries of India.

Pursuant to Actuarial Practice Standards (APS) 33 issued by Institute of Actuaries of India (IAI), the peer review of statutory valuation of liabilities for 31 March 2023 has been carried out by an independent actuary.

**17.25 Corporate Social Responsibility (CSR)**

As per the Section 135 of the Companies Act, 2013, the Company does not have any obligation under CSR for the current year (Previous Year Nil). However, pursuant to the requirements of the Corporate Governance Guidelines for Insurers in India, 2016 ("CG Guidelines"), the Company has spent Rs. 700 thousand for CSR activities for financial year 2022-23 in the current year (Rs. 1,266 thousand in the previous year).

**17.26 Senior Citizens' Welfare Fund**

There are no amounts which are required to be transferred to the Senior Citizens' Welfare Fund Account by the Company for the year ended 31 March 2023 (Previous Year Nil).

**17.27 Investor Education and Protection Fund**

There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company for the year ended 31 March 2023 (Previous Year Nil).

**17.28** As at 31 March 2023, the Company did not have any outstanding long term derivative contracts (Previous Year Nil).

**17.29 a. Contribution to Solatium Fund**

In accordance with the requirements of the IRDAI circular dated 18 March 2003 and based on recommendations made at the General Insurance Council meeting held on 04 February 2005, the Company has provided 0.10% of gross direct premium on all motor third party policies towards contribution to the Solatium fund.

During the year, the Company has provided Rs.12,733 thousand (Previous year - Rs. 8,844 thousand) towards contribution to the Solatium fund, as a charge to revenue account and disclosed under claims outstanding in current liabilities.

**b. Terrorism Pool**

The Company, in accordance with the requirements of IRDAI, has participated in contributing to the Terrorism Pool. This pool is managed by the General Insurance Corporation of India ('GIC'). Amounts collected as terrorism premium are ceded at 100% to the Terrorism Pool, subject to certain conditions.

In accordance with the terms of the agreement, GIC retro cedes to the Company, terrorism premium to the extent of the share agreed to be borne by the Company in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly confirmation received from GIC. Accordingly, reinsurance accepted on account of the Terrorism Pool has been recorded up to 31 December 2022 (Previous year : upto 31 December 2021).

**c. Environment Relief Fund**

During the year, an amount of Rs. 311 thousand (Previous year Rs. 147 thousand) was collected towards Environment Relief Fund for public liability policies and an amount of Rs. 326 thousand (Previous year Rs.182 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 Nil (Previous year Rs. 15 thousand) is included under Current Liabilities in Schedule 13.

**17.30 Solvency Margin**

Particulars		Units	As at 31 Mar 2023	As at 31 Mar 2022
Required Solvency Margin under IRDAI Regulations	(A)	Rs. '000	4,265,815	2,643,925
Available Solvency Margin	(B)	Rs. '000	8,977,809	4,664,527
Solvency Ratio	(B/A)	Times	2.10	1.76
Minimum Solvency Ratio prescribed by Regulation		Times	1.50	1.50

**17.31 Taxation**

As required by Accounting Standard 22 (Accounting for Taxes on Income), the Company performs reassessment of the deferred tax assets (DTA)/deferred tax liabilities (DTL) at each reporting date. The Company has carried DTA on eligible temporary timing differences to the extent the Management of the Company is virtually/reasonably certain (as the case may be) about availability of sufficient future taxable income against which such DTA can be realized.



**The components of DTA are as under :**

(Rs in '000)

Timing difference on account of	As at 31 Mar 2023		As at 31 Mar 2022	
	DTA	DTL	DTA	DTL
Unexpired risk reserve (Rule 6E of Income Tax Rules, 1962)	270,948	-	279,394	-
WDV of Fixed assets	-	12,540	-	20,942
Expense allowed on payment basis	15,669	3,161	12,042	1,062
Provision for standard assets and doubtful debts	1,143	-	1,185	-
Contribution to Solatium Fund	1,406	-	1,406	-
<b>Total deferred tax asset / (liability)</b>	<b>289,166</b>	<b>15,701</b>	<b>294,027</b>	<b>22,004</b>
<b>Net deferred tax asset</b>	<b>273,465</b>	<b>-</b>	<b>272,023</b>	<b>-</b>

**17.32 Related Party Disclosures**

Related Party disclosure as at and for the year ended 31 March 2023.

Name of related parties and description of relationship:

**Joint Venturer**

Celica Developers Private Limited  
 Jaguar Advisory Services Private Limited  
 HDI Global SE  
 Poonawalla Fincorp Limited (formerly Magma Fincorp Limited) (upto 30/05/2022)

**Investing Party and its Group Companies** (with whom Company has transactions):

Sanoti Properties LLP (w.e.f. 31/05/2022)  
 Rising Sun Holdings Private Limited (upto 30/05/2022)  
 HDI Global Network AG  
 Poonawalla Housing Finance Limited (formerly Magma Housing Finance Limited) (upto 30/05/2022)

**Directors**

Mayank Poddar  
 Sanjay Chamria  
 Jens Holger Wohlthat  
 Sandhya Gadkari Sharma  
 (w.e.f. 08/11/2022)

V.K.Viswanathan  
 Sunil Mitra  
 Kailash Nath Bhandari  
 Suvalaxmi Chakraborty  
 (upto 27/12/2021)

**Relatives of Directors** (with whom company has transactions):

Mansi Poddar Tulshan (Daughter of Mayank Poddar)  
 Ashita Poddar Khaitan (Daughter of Mayank Poddar)  
 Shaili Poddar (Daughter of Mayank Poddar)

**Private Company in which Director is a Director** (with whom Company has transactions):

Devsar Vyapaar Private Limited  
 CLP Business LLP  
 Magma Consumer Finance Private Limited

Celica Properties Private Limited  
 Celica Automobiles Private Limited  
 Celica Motocorp Private Limited

**Entities in which Directors or their Relatives have Significant Influence** (with whom company has transactions):

Speed Inc (Relative of Director is a Partner)  
 Solvex Properties & Services Private Limited (Relative of Director is a Director)  
 Mayank Poddar HUF (HUF of Director)

**Key Management Personnel (KMP)**

Rajive Kumaraswami, MD & CEO  
 Gaurav Parasrampur, CFO  
 Vikas Mittal, Deputy CEO  
 Amit Bhandari, Chief Technical Officer  
 Sweta Pranay Bharucha, CS (appointed w.e.f. 29/04/2022)  
 Gufran Ahmed Siddiqui, CS (upto 02/03/2022)

**Relatives of Key Management Personnel** (with whom Company has transactions):

Subramania Kumaraswami, Father of Rajive Kumaraswami  
 Manasi Mittal, Daughter of Vikas Mittal

Notes to Accounts forming part of the Financial Statements for the year ended 31 March 2023

(Rs in '000)

Name of related party	Nature of transaction	Transaction value for the year ended 31 Mar 2023	Outstanding amount as at 31 Mar 2023	Transaction value for the year ended 31 Mar 2022	Outstanding amount as at 31 Mar 2022
<b>Joint Venturer</b>					
Poonawalla Fincorp Limited	Equity Share Capital	-	-	-	453,623
	Share Premium	-	-	-	642,031
	Corporate Agent Commission	11,279	-	62,923	3,277
	Premium Deposit Received	107,719	-	725,216	54,686
	Premium Deposit Adjusted for Policies Issued	110,930	-	713,729	-
	Premium for Policies Underwritten	51,422	-	6,179	-
	Claims Paid Against Policies Issued	6,328	-	3,794	-
	Investment in Non Convertible Debentures (NCD)	-	-	-	750,000
	Interest Income Received on NCDs	78,750	-	78,750	-
	Interest Income Accrued on NCDs	19,634	-	78,750	71,199
HDI Global SE	Equity Share Capital	-	320,000	-	320,000
	Share Premium	-	1,275,000	-	1,275,000
	Premium Ceded	2,275	-	1,147	-
	RI Commission Income on Premium Ceded	307	-	155	-
	Claims on Premium Ceded	-	-	497	-
	Payments of Reinsurance Balances	1,968	-	992	-
	Receipts against Reinsurance Claims	-	-	1,182	-
	Reinsurance Balances Payable	-	28	-	28
Celica Developers Private Limited	Equity Share Capital	-	359,662	-	359,662
	Share Premium	-	310,833	-	310,833
	Premium for Policies Underwritten	58	-	88	-
	Reimbursement of Expenses	19,543	-	14,287	14,287
Jaguar Advisory Services Private Limited	Equity Share Capital	-	225,000	-	225,000
<b>Investing Party and its Group Companies</b>					
Rising Sun Holdings Private Limited	Subordinated Debentures (Sub-Debt) issued	-	-	1,000,000	1,000,000
	Interest Accrued on Sub-Debt	21,815	-	479	479
Sanoti Properties LLP	Equity Share Capital	913,520	1,520,319	-	-
	Share Premium	6,424,632	6,424,632	-	-
	Reimbursement of Expenses	941	-	-	-
Poonawalla Housing Finance Limited	Premium Deposit Received	19,139	-	141,023	66,165
	Premium Deposit Adjusted for Policies Issued	24,120	-	103,261	-
	Premium for Policies Underwritten	16,892	-	3,017	-
	Advance Received against Policies	3,113	-	-	-
	Claims Paid Against Policies Issued	1,637	-	1,275	-

Name of related party	Nature of transaction	Transaction value for the year ended 31 Mar 2023	Outstanding amount as at 31 Mar 2023	Transaction value for the year ended 31 Mar 2022	Outstanding amount as at 31 Mar 2022
HDI Global Network AG	Premium Ceded	747,759	-	662,273	-
	RI Commission Income on Premium Ceded	74,459	-	65,520	-
	Claims on Premium Ceded	151,508	-	47,599	-
	Receipts against Reinsurance Claims	-	-	29,055	-
	Payments of Reinsurance Balances	529,023	-	556,108	-
	Reinsurance Balances Payable	-	249,117	-	256,348
<b>Directors</b>					
Sunil Mitra	Payment of Sitting Fees	1,950	400	1,820	-
V. K. Viswanathan	Payment of Sitting Fees	2,470	400	2,540	-
Suvalaxmi Chakraborty	Payment of Sitting Fees	-	-	790	-
Sandhya Gadhari Sharma	Payment of Sitting Fees	890	400	-	-
Kailash Nath Bhandari	Payment of Sitting Fees	2,470	400	2,540	-
	Reimbursement of Expenses	28	16	-	-
<b>Key Management Personnel</b>					
Key Management Personnel	Managerial Remuneration	122,509	-	99,339	-
	Equity Share Capital	-	23,452	-	23,452
	Share Premium	-	90,288	-	90,288
	Premium for Policies Underwritten	125	-	59	-
<b>Private Company in which Director is a Director</b>					
Devsar Vyapaar Pvt Ltd	Premium for Policies Underwritten	-	-	1	-
CLP Business LLP	Payment of Rent	1,999	-	1,892	-
	Security Deposit Given	802	1,590	-	-
Magma Consumer Finance Pvt Ltd	Premium for Policies Underwritten	29	-	-	-
Celica Properties Pvt Ltd	Premium for Policies Underwritten	-	-	117	-
Celica Automobiles Pvt Ltd	Premium for Policies Underwritten	21	-	9	-
Celica Motocorp Pvt Ltd	Premium for Policies Underwritten	21	-	-	-
<b>Entities in which Directors or their Relatives have Significant Influence</b>					
Speed Inc	Commission on Insurance Premium	-	-	-	2
Solvex Properties & Services Private Limited	Payment of Utility Charges	1,048	38	810	-
	Advertisement & Publicity Expenses	398	72	-	-
Mayank Poddar HUF	Premium for Policies Underwritten	9	-	12	-
<b>Relatives of Directors / KMPs</b>					
Shaili Poddar	Payment of Rent	1,138	-	948	-
	Security Deposit Given	-	474	-	-
Mansi Poddar Tulshan	Premium for Policies Underwritten	44	-	44	-
Ashita Poddar Khaitan	Premium for Policies Underwritten	31	-	31	-

Name of related party	Nature of transaction	Transaction value for the year ended 31 Mar 2023	Outstanding amount as at 31 Mar 2023	Transaction value for the year ended 31 Mar 2022	Outstanding amount as at 31 Mar 2022
Subramania Kumaraswami	Premium for Policies Underwritten	2	-	2	-
Manasi Mittal	Premium for Policies Underwritten	10	-	11	-

Note - Transaction amount considered above are excluding taxes.

**17.33 Details of age-wise analysis of the unclaimed amount of the Policyholders for the year ended 31 March 2023**

As per the circular issued by IRDAI vide reference number IRDA/F&A/CIR/Misc/282/11/2020 dated 17 November 2020, below table mentions the age-wise analysis of unclaimed amount of the Policyholders as on 31 March 2023:

**As on 31 March 2023**

(Rs in '000)

Sl. No.	Particulars	Total Amount	Age Wise Analysis							
			0-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	37-120 months	More than 120 months
1	Claims settled but not paid to the Policyholders/ beneficiaries due to any reasons except under litigation from the Policyholders/ beneficiaries	-	-	-	-	-	-	-	-	-
2	Sum due to the Policyholders/ beneficiaries on maturity or otherwise	-	-	-	-	-	-	-	-	-
3	Any excess collection of the premium/ tax or any other charges which is refundable to the Policyholders/ beneficiaries either as terms of conditions of the Policy or as per law or as may be directed by the Authority but not refunded so far	9,053	838	519	482	306	401	573	5,933	-
4	Cheques issued but not encashed by the Policyholder/ beneficiaries	23,984	4,472	992	557	2,283	1,135	3,659	10,886	-
<b>Total</b>		<b>33,037</b>	<b>5,310</b>	<b>1,511</b>	<b>1,039</b>	<b>2,589</b>	<b>1,536</b>	<b>4,233</b>	<b>16,819</b>	<b>-</b>

As on 31 March 2022

(Rs in '000)

Sl. No.	Particulars	Total Amount	Age Wise Analysis							
			0-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	37-120 months	More than 120 months
1	Claims settled but not paid to the Policyholders/ beneficiaries due to any reasons except under litigation from the Policyholders/ beneficiaries	-	-	-	-	-	-	-	-	-
2	Sum due to the Policyholders/ beneficiaries on maturity or otherwise	-	-	-	-	-	-	-	-	-
3	Any excess collection of the premium/ tax or any other charges which is refundable to the Policyholders/ beneficiaries 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	8,046	870	425	404	571	328	242	5,205	-
4	Cheques issued but not encashed by the Policyholder/ beneficiaries	27,551	3,227	6,010	1,195	4,031	945	1,884	10,260	-
<b>Total</b>		<b>35,597</b>	<b>4,097</b>	<b>6,435</b>	<b>1,599</b>	<b>4,602</b>	<b>1,273</b>	<b>2,126</b>	<b>15,465</b>	<b>-</b>

**Details of unclaimed amounts pertaining to policyholders (IRDAI Circular No.- IRDA/F&A/CIR/ Misc/282/11/2020)**

(Rs in '000)

Particulars	As at 31 Mar 2023		As at 31 Mar 2022	
	Policy Dues	Income Accrued	Policy Dues	Income Accrued
<b>Opening Balance</b>	<b>33,601</b>	<b>1,996</b>	<b>27,896</b>	<b>1,677</b>
Add: Amount transferred to unclaimed amount	24,019	-	35,437	-
Add: Cheques issued out of the unclaimed amount but not encashed by the Policyholders (To be included only where cheques are stale)	-	-	-	-
Add: Investment Income on Unclaimed Fund	-	579	-	346
Less: Amount of claims paid during the year	27,139	19	29,732	27
Less: Amount transferred to Senior Citizens' Welfare Fund (net of claims paid in respect of amounts transferred earlier)	-	-	-	-
<b>Closing balance of Unclaimed amount fund</b>	<b>30,481</b>	<b>2,556</b>	<b>33,601</b>	<b>1,996</b>

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

**17.35 Indian Accounting Standards (Ind AS) Implementation in Insurance sector**

In convergence with International Financial Reporting Standards (IFRS) standards, India has formulated Ind AS and the various standards in the Ind AS have become applicable to different sectors in last few years. Ind AS is yet to be notified for adoption by Insurance Companies in India. For the international entities that follow IFRS, Insurance Contracts (IFRS 17) became effective for annual reporting periods beginning on or after 01 January 2023. Institute of Chartered Accountants of India (ICAI) has issued exposure draft of Ind AS 117, the equivalent of IFRS 17.

As advised by IRDAI, the Company has constituted a Steering Committee to oversee and prepare itself for the implementation of Ind AS as and when the same are notified by the ICAI and the guidelines in this regard are issued by IRDAI.

Ind AS implementation is likely to significantly impact the financial reporting systems and process of Insurance Companies.

**17.36** Previous year figures have been regrouped/reclassified wherever necessary, for better presentation, understanding and comparison with those of the current year.

(Rs in '000)

Previous Year Grouping		Current Year Grouping		Previous Year Amount
Description	Schedule	Description	Schedule	
Balances 'Due to Coinsurers' were netted off as part of balances 'Due from other insurance companies, including reinsurers (net)' in schedule for 'Other Assets'	12	Now balances due to coinsurers are reported as part of 'Balances due to other insurance companies (net)' in schedule for 'Current Liabilities'	13	16,887
State Government securities reported under 'Other approved securities'	8 & 8A	Reclassified to 'Government securities and Government guaranteed bonds including treasury bills'	8 & 8A	5,109,913
Debentures/Bonds reported under 'Other than approved Investments'	8 & 8A	Reclassified to 'Debentures/Bonds' under 'Other Investments'	8 & 8A	899,476

**17.37 Details of Penal actions taken by various Government Authorities**

As per IRDA Circular No. 005/IRDA/F&A/CIR/MAY-09 dated 07 May 2009, below table mentions the details of the penalty imposed by various regulators and Government Authority.

**For the Year ended 31 March 2023**

(Rs in '000)

Sl. No.	Authority	Non-compliance / violation	Penalty Awarded	Penalty Paid	Penalty Waived / Received/ Stay Recd.
1	Insurance Regulatory and Development Authority	-	-	-	-
2	Service Tax Authorities / GST Authorities	-	-	-	-
3	Income Tax Authorities	-	-	-	-
4	Any other Tax Authorities	-	-	-	-
5	Enforcement Directorate / Adjudicating Authority / Tribunal or any Authority under FEMA	-	-	-	-
6	Registrar of Companies / NCLT / CLB / Department of Corporate Affairs or any Authority under Companies Act, 2013 / 1956	-	-	-	-
7	Penalty awarded by Court/Tribunal for any matter including claim settlement but excluding compensation	-	-	-	-
8	Securities Exchange Board of India	-	-	-	-
9	Competition Commission of India	-	-	-	-
10	Any other Central / State /Local Government / Statutory Authority	-	1	1	-

**For the Year ended 31 March 2022**

(Rs. in '000)

Sl. No.	Authority	Non-compliance / violation	Penalty Awarded	Penalty Paid	Penalty Waived / Received/ Stay Recd.
1	Insurance Regulatory and Development Authority	-	-	-	-
2	Service Tax Authorities / GST Authorities	-	-	-	-
3	Income Tax Authorities	-	-	-	-
4	Any other Tax Authorities	-	-	-	-
5	Enforcement Directorate / Adjudicating Authority / Tribunal or any Authority under FEMA	Refer Note 17.2 III	600,000	-	-
6	Registrar of Companies / NCLT / CLB / Department of Corporate Affairs or any Authority under Companies Act, 2013 / 1956	-	-	-	-
7	Penalty awarded by Court/Tribunal for any matter including claim settlement but excluding compensation	-	-	-	-



Sl. No.	Authority	Non-compliance / violation	Penalty Awarded	Penalty Paid	Penalty Waived / Received / Stay Recd.
8	Securities Exchange Board of India	-	-	-	-
9	Competition Commission of India	-	-	-	-
10	Any other Central / State /Local Government / Statutory Authority	-	-	-	-

**17.38 a. Segment Reporting**

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

**b. Accounting Ratios**

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

**c. Summary of Financial Statements**

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

As per our Report of even date attached.

For and on behalf of the Board of Directors

**For Singhi & Co.**

Chartered Accountants  
Firm Regn. No. 302049E

**For M S K A & Associates**

Chartered Accountants  
Firm Regn. No. 105047W

**Sanjay Chamria**

Chairman  
DIN 00009894

**Rajive Kumaraswami**

Managing Director & CEO  
DIN 07501971

**Nikhil Singhi**

Partner  
Membership No. 061567

**Swapnil Kale**

Partner  
Membership No. 117812

**Mayank Poddar**

Director  
DIN 00009409

**Gaurav Parasrampur**

Chief Financial Officer

**Sunil Mitra**

Director  
DIN 00113473

**Sweta Bharucha**

Company Secretary  
Membership No. A22946

Mumbai, 05 May 2023

**SCHEDULE – 17****Notes to Accounts forming part of the Financial Statements for the year ended 31 March 2023****Annexure 1****Segment Reporting****Primary reportable segments****Segment Information for the year ended on 31 March 2023**

Segment revenues and segment results have been incorporated in the Financial Statements. However segment asset and liabilities, given the nature of the business, have been allocated amongst various segments to the extent possible.

(Rs in '000)

Particulars	FIRE	MARINE	MISCELLANEOUS									TOTAL
			MOTOR	ENGI-NEER-ING	PUBLIC/PROD-UCT LIA-BILITY	WORKS-MEN'S COMPEN-SATION	HEALTH INSUR-ANCE	PER-SONAL ACCI-DENT	OTHERS			
									OTHER LIA-BILITY	WEATH-ER	OTH-ERS	
Premium received in advance	20	-	7,468,531	-	-	-	7,026	572	-	-	333	7,476,482
Claims outstanding at the end of the year	274,070	42,431	23,985,606	15,593	1,651	10,064	241,747	26,089	11,292	-	621,341	25,229,884
Reserve for unexpired risk at the end of the year	926,798	15,404	8,345,787	12,377	58	9,477	1,463,272	38,930	9,003	-	613	10,821,719
Reserve for premium deficiency	-	2,320	-	-	-	-	-	-	-	-	-	2,320

**Segment Information for the year ended on 31 March 2022**

Segment revenues and segment results have been incorporated in the Financial Statements. However segment asset and liabilities, given the nature of the business, have been allocated amongst various segments to the extent possible.

(Rs in '000)

Particulars	FIRE	MARINE	MISCELLANEOUS									TOTAL
			MOTOR	ENGI-NEER-ING	PUBLIC/PROD-UCT LIA-BILITY	WORKS-MEN'S COMPEN-SATION	HEALTH INSUR-ANCE	PER-SONAL ACCI-DENT	OTHERS			
									OTHER LIA-BILITY	WEATH-ER	OTH-ERS	
Premium received in advance	-	41	4,343,443	91	-	-	2,763	2,000	-	-	35	4,348,373
Claims outstanding at the end of the year	262,685	43,337	19,158,359	22,564	1,786	14,777	138,651	32,536	13,336	-	399,050	20,087,081
Reserve for unexpired risk at the end of the year	619,288	2,329	5,442,827	9,556	80	5,428	615,630	22,331	12,575	-	4,433	6,734,477
Reserve for premium deficiency	-	1,194	-	-	-	-	-	-	-	-	-	1,194

**Secondary reportable segments**

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

**Segment Reporting for the year ended 31 March 2023**

(Rs in '000)

Particulars	FIRE	MARINE	MISCELLANEOUS									TOTAL
			MOTOR	ENGI-NEER-ING	PUBLIC/PROD-UCT LIA-BILITY	WORKS-MEN'S COM-PENSA-TION	HEALTH INSUR-ANCE	PER-SONAL ACCI-DENT	OTHERS			
									OTHER LIA-BILITY	WEA-THER	OTH-ERS	
Premiums earned (Net) (Refer Schedule 1)	613,491	20,220	13,113,607	13,369	34	13,756	1,475,692	70,157	16,539	-	4,924	15,341,789
Profit/(Loss) on sale/redemption of investments (Net)	3,010	109	53,490	53	-	58	7,594	284	43	-	3	64,644
Others:-												
Investment Income from Terrorism Pool	15,621	-	-	275	-	-	-	-	-	-	-	15,896
Miscellaneous Income	1,249	53	2,652	18	-	2	352	13	85	-	-	4,424
Contribution from Shareholders Funds towards excess Expenses of Management (EOM)	295,912	46,183	1,697,707	13,187	-	521	424,739	16,796	16,775	-	1,579	2,513,399
Interest, dividend and rent (Gross)	119,848	4,333	2,084,205	2,107	2	2,317	302,331	11,289	1,687	-	144	2,528,263
<b>TOTAL SEGMENTAL REVENUE (A)</b>	<b>1,049,131</b>	<b>70,898</b>	<b>16,951,661</b>	<b>29,009</b>	<b>36</b>	<b>16,654</b>	<b>2,210,708</b>	<b>98,539</b>	<b>35,129</b>	<b>-</b>	<b>6,650</b>	<b>20,468,415</b>
Claims incurred (Net) (Refer Schedule 2)	162,904	37,950	9,619,997	(6,210)	(135)	(688)	1,102,692	11,800	(1,560)	-	214,205	11,140,955
Commission (Net) (Refer Schedule 3)	(66,445)	(8,136)	752,877	(4,306)	-	2,770	119,844	7,642	(38,479)	-	(5,134)	760,633
Operating expenses related to insurance business (Refer Schedule 4)	1,235,098	120,052	6,394,737	43,025	144	6,324	1,132,758	47,084	201,472	-	620	9,181,314
Premium Deficiency Reserve	-	1,126	-	-	-	-	-	-	-	-	-	1,126
<b>TOTAL SEGMENTAL EXPENDITURE (B)</b>	<b>1,331,557</b>	<b>150,992</b>	<b>16,767,611</b>	<b>32,509</b>	<b>9</b>	<b>8,406</b>	<b>2,355,294</b>	<b>66,526</b>	<b>161,433</b>	<b>-</b>	<b>209,691</b>	<b>21,084,028</b>
<b>SEGMENTAL PROFIT/(LOSS) (C) = (A - B)</b>	<b>(282,426)</b>	<b>(80,094)</b>	<b>184,050</b>	<b>(3,500)</b>	<b>27</b>	<b>8,248</b>	<b>(144,586)</b>	<b>32,013</b>	<b>(126,304)</b>	<b>-</b>	<b>(203,041)</b>	<b>(615,613)</b>

## Segment Reporting for the year ended 31 March 2022

(Rs in '000)

Particulars	FIRE	MARINE	MISCELLANEOUS									TOTAL
			MOTOR	ENGI-NEER-ING	PUBLIC/PROD-UCT LIA-BILITY	WORKS-MEN'S COM-PENSA-TION	HEALTH INSUR-ANCE	PER-SONAL ACCI-IDENT	OTHERS			
									OTHER LIABIL-ITY	WEA-THER	OTHERS	
Premiums earned (Net) (Refer Schedule 1)	277,334	10,583	7,939,968	13,780	102	14,086	816,556	45,092	16,730	-	7,889	9,142,120
Profit/(Loss) on sale/redemption of investments (Net)	11,535	193	193,820	298	1	275	19,830	950	445	-	143	227,490
Others:-												
Investment Income from Terrorism Pool	12,157	-	-	315	-	-	-	-	-	-	-	12,472
Miscellaneous Income	201	256	942	8	-	1	78	3	44	-	234	1,767
Contribution from Shareholders Funds towards excess Expenses of Management (EOM)	84,846	24,577	588,964	5,723	-	-	168,908	8,582	13	-	14,194	895,807
Interest, dividend and rent (Gross)	91,813	1,533	1,536,950	2,376	6	2,188	157,840	7,562	3,531	-	1,142	1,804,941
<b>TOTAL SEGMENTAL REVENUE (A)</b>	<b>477,886</b>	<b>37,142</b>	<b>10,260,644</b>	<b>22,500</b>	<b>109</b>	<b>16,550</b>	<b>1,163,212</b>	<b>62,189</b>	<b>20,763</b>	<b>-</b>	<b>23,602</b>	<b>12,084,597</b>
Claims incurred (Net) (Refer Schedule 2)	96,992	1,190	5,508,044	(68)	(281)	13,524	558,830	13,502	(2,590)	-	87,256	6,276,399
Commission (Net) (Refer Schedule 3)	(39,193)	(12,066)	(178,984)	(1,366)	(102)	2,324	43,679	3,268	(36,640)	-	774	(218,306)
Operating expenses related to insurance business (Refer Schedule 4)	833,188	78,609	4,048,253	29,455	43	4,339	478,418	24,864	181,058	-	24,958	5,703,185
Premium Deficiency Reserve	-	(816)	-	-	-	-	-	-	-	-	-	(816)
<b>TOTAL SEGMENTAL EXPENDITURE (B)</b>	<b>890,987</b>	<b>66,917</b>	<b>9,377,313</b>	<b>28,021</b>	<b>(340)</b>	<b>20,187</b>	<b>1,080,927</b>	<b>41,634</b>	<b>141,828</b>	<b>-</b>	<b>112,988</b>	<b>11,760,462</b>
<b>SEGMENTAL PROFIT/(LOSS) (C) = (A - B)</b>	<b>(413,101)</b>	<b>(29,775)</b>	<b>883,331</b>	<b>(5,521)</b>	<b>449</b>	<b>(3,637)</b>	<b>82,285</b>	<b>20,555</b>	<b>(121,065)</b>	<b>-</b>	<b>(89,386)</b>	<b>324,135</b>

**SCHEDULE – 17**

**Notes to Accounts forming part of the Financial Statements for the year ended 31 March 2023**

**Annexure 2**

**Ratios for the year ended 31 March 2023**

The following ratios have been calculated as per IRDA Circular IRDA/F&I/012/01/2010 dated 28 January 2010 and Corrigendum on master Circular IRDA/F&A/CIR/FA/126/07/2013 dated 03 July 2013.

Sl. No.	Performance Ratio	For the year ended 31 March 2023											
		Fire	Marine	Miscellaneous	Motor	Engineering	Public / Product Liability	Workmen's Compensation	Health Insurance	Personal Accident	Others		Total
											Other Liability	Others	
1	Gross Direct Premium Growth rate (GDPI (CY)- GDPI(PY))/ GDPI (PY)	38.3%	39.1%	45.2%	41.4%	35.2%	188.0%	28.8%	125.6%	75.6%	0.3%	(110.3%)	44.2%
2	Gross Direct Premium to Net Worth Ratio GDPI / Net worth	NA											2.94
3	Growth Rate of Net Worth [[Net worth of CY – Net worth of PY]] / Net Worth - PY	NA											108.8%
4	Net Retention Ratio Net Premium / (Gross Direct Premium Income + Reinsurance Accepted)	25.2%	9.3%	84.5%	86.1%	12.6%	2.8%	95.6%	95.8%	90.5%	2.2%	(16.7%)	75.1%
5	Net Commission Ratio Net Commission / Net Written premium	(7.2%)	(24.4%)	4.5%	4.7%	(26.6%)	-	15.6%	5.2%	8.8%	(296.7%)	(465.0%)	3.9%
6	Expenses of Management to Gross direct Premium Ratio Expenses of Management/ GDPI	44.8%	42.8%	42.8%	41.5%	55.4%	49.3%	49.7%	52.8%	58.5%	37.5%	11.7%	43.0%
7	Expenses of Management to Net written Premium Ratio Expenses of Management/ NWPI	126.9%	336.1%	46.9%	44.6%	239.2%	1,200.0%	51.1%	53.9%	63.1%	1,257.0%	(408.9%)	51.2%
8	Net Incurred claims to Net Earned Premium Net Incurred Claims / Net Earned Premium	26.6%	187.7%	74.4%	73.4%	(46.5%)	(397.1%)	(5.0%)	74.7%	16.8%	(9.4%)	4,350.2%	72.6%
9	Combined Ratio	NA											123.8%

Sl. No.	Performance Ratio	For the year ended 31 March 2023											
		Fire	Marine	Miscellaneous	Motor	Engineering	Public / Product Liability	Workmen's Compensation	Health Insurance	Personal Accident	Others		Total
											Other Liability	Others	
	(Claims, commission plus expenses of management)/ NWPI												
10	Technical Reserves to Net Premium Ratio												1.86
	(UPR + Reserve for premium deficiency + Reserve for outstanding claims including IBNR and IBNER) / Net Written Premium												
11	Underwriting Balance Ratio												(0.37)
	(Underwriting profit/ loss)/ Net earned premium												
12	Operating Profit Ratio												(4.0%)
	(Underwriting Profit/ loss + Investment Income)/ Net Earned Premium												
13	Liquid Assets to Liabilities Ratio												0.12
	Liquid Assets / Policyholders liabilities												
14	Net Earning Ratio												(14.8%)
	Profit after tax/ net premium												
15	Return on Net Worth												(33.4%)
	Profit after tax/ Net Worth												
16	Available Solvency Margin Ratio to Required Solvency Margin Ratio												2.10
	ASM/RSM												
17	NPA Ratio												
	Gross NPA Ratio												-
	Net NPA Ratio												-

**Ratios for the year ended 31 March 2022**

Sl. No.	Performance Ratio	For the year ended 31 March 2022											Total
		Fire	Marine	Miscellaneous	Motor	Engineering	Public / Product Liability	Workmen's Compensation	Health Insurance	Personal Accident	Others		
											Other Liability	Others	
1	Gross Direct Premium Growth rate (GDPI (CY)- GDPI(PY))/ GDPI (PY)	59.0%	11.6%	34.5%	35.9%	0.7%	(65.2%)	(3.7%)	41.0%	23.7%	18.8%	(34.2%)	36.9%
2	Gross Direct Premium to Net Worth Ratio GDPI / Net worth	NA											4.26
3	Growth Rate of Net Worth [(Net worth of CY – Net worth of PY)] / Net Worth - PY	NA											(3.1%)
4	Net Retention Ratio Net Premium / (Gross Direct Premium Income + Reinsurance Accepted)	20.3%	3.6%	70.5%	72.6%	14.9%	26.0%	94.1%	91.3%	86.1%	3.6%	10.9%	61.8%
5	Net Commission Ratio Net Commission / Net Written premium	(6.9%)	(126.6%)	(1.6%)	(1.9%)	(9.3%)	(261.5%)	17.1%	4.5%	7.0%	(166.9%)	10.9%	(1.9%)
6	Expenses of Management to Gross direct Premium Ratio Expenses of Management/ GDPI	42.8%	39.8%	38.8%	37.8%	51.5%	40.0%	46.8%	51.4%	53.4%	34.2%	57.4%	39.4%
7	Expenses of Management to Net written Premium Ratio Expenses of Management/ NWPI	139.1%	698.4%	43.5%	40.5%	190.2%	(151.3%)	49.0%	53.2%	59.9%	658.0%	362.7%	48.9%
8	Net Incurred claims to Net Earned Premium Net Incurred Claims / Net Earned Premium	35.0%	11.2%	69.8%	69.4%	(0.5%)	(275.5%)	96.0%	68.4%	29.9%	(15.5%)	1,106.0%	68.7%
9	Combined Ratio (Claims, commission plus expenses of management)/ NWPI	NA											117.5%
10	Technical Reserves to Net Premium Ratio	NA											2.39



Sl. No.	Performance Ratio	For the year ended 31 March 2022												
		Fire	Marine	Miscellaneous	Motor	Engineering	Public / Product Liability	Workmen's Compensation	Health Insurance	Personal Accident	Others		Total	
											Other Liability	Others		
	(UPR + Reserve for premium deficiency + Reserve for outstanding claims including IBNR and IBNER) / Net Written Premium													
11	Underwriting Balance Ratio													(0.29)
	(Underwriting profit/ loss)/ Net earned premium													
12	Operating Profit Ratio													3.5%
	(Underwriting Profit/ loss + Investment Income)/ Net Earned Premium													
13	Liquid Assets to Liabilities Ratio													0.13
	Liquid Assets / Policyholders liabilities													
14	Net Earning Ratio													(1.1%)
	Profit after tax/ net premium													
15	Return on Net Worth													(3.0%)
	Profit after tax/ Net Worth													
16	Available Solvency Margin Ratio to Required Solvency Margin Ratio													1.76
	ASM/RSM													
17	NPA Ratio													
	Gross NPA Ratio													-
	Net NPA Ratio													-

**SCHEDULE – 17****Notes to Accounts forming part of the Financial Statements for the year ended 31 March 2023****Annexure 3****Summary of Financial Statements**

(Rs in '000)

SI No.	Particulars	2022-23	2021-22	2020-21	2019-20	2018-19
	<b>OPERATING RESULTS</b>					
1	Gross Direct Premium	25,341,205	17,571,654	12,835,925	12,247,710	9,701,115
2	Net Premium Income*	19,429,031	11,217,567	7,982,476	7,901,757	5,169,299
3	Income from Investments**	2,592,907	2,032,431	1,872,844	1,759,263	919,736
4	Investment Income from Terrorism Pool	15,896	12,472	7,776	4,144	9,761
5	Contribution from Shareholders Funds towards excess EOM	2,513,399	895,807	81,358	81,383	8,992
6	Other Income	4,424	1,767	1,421	1,011	715
<b>7</b>	<b>Total Income</b>	<b>24,555,657</b>	<b>14,160,044</b>	<b>9,945,875</b>	<b>9,747,558</b>	<b>6,108,503</b>
8	Commissions (Net)	760,633	(218,306)	(552,524)	(629,039)	(289,424)
9	Operating Expenses	9,181,314	5,703,185	3,772,888	3,505,374	2,445,867
10	Net Incurred Claims	11,140,955	6,276,399	6,066,042	5,974,218	2,722,117
11	Premium deficiency Reserve	1,126	(816)	287	338	(2,357)
12	Change in Unexpired Risk Reserve	4,087,242	2,075,447	365,502	818,787	1,319,835
<b>13</b>	<b>Operating Profit / (Loss)</b>	<b>(615,613)</b>	<b>324,135</b>	<b>293,680</b>	<b>77,880</b>	<b>(87,535)</b>
	<b>NON OPERATING RESULTS</b>					
14	Total income under Shareholder's Account (Net of expenses)	(2,257,878)	(491,695)	(37,159)	(60,469)	5,490
<b>15</b>	<b>Profit/(Loss) before Tax</b>	<b>(2,873,491)</b>	<b>(167,560)</b>	<b>256,521</b>	<b>17,411</b>	<b>(82,045)</b>
16	Provision for Income Tax	-	29,571	54,210	-	106,642
17	Provision for Deferred Tax	(1,442)	(76,071)	8,283	78,621	(183,374)
18	Tax adjustment of earlier years	(319)	3,530	-	(1,102)	-
19	MAT Credit adjustment of earlier years	-	-	-	-	(19,657)
<b>20</b>	<b>Profit/(Loss) after Tax</b>	<b>(2,871,730)</b>	<b>(124,590)</b>	<b>194,028</b>	<b>(60,108)</b>	<b>14,344</b>
	<b>MISCELLANEOUS</b>					
21	Policyholder's Account					
	Total Funds	45,061,724	33,617,393	26,377,542	19,708,881	13,091,066
	Total Investments	45,061,724	33,617,393	26,377,542	19,708,881	13,091,066
	Yield on Investments (annualised)	6.85%	6.08%	6.38%	7.24%	8.37%
22	Shareholder's Account					
	Total Funds	8,609,958	4,122,633	4,253,090	3,520,253	2,836,217
	Total Investments	7,529,635	4,827,342	3,560,121	3,139,187	1,531,785
	Yield on Investments (annualised)	6.85%	6.08%	6.38%	7.24%	8.37%
23	Paid up Equity Capital	2,466,692	1,547,073	1,547,073	1,437,500	1,250,000
24	Net Worth #	8,609,958	4,122,633	4,253,090	3,520,253	2,836,217
<b>25</b>	<b>Total Assets</b>	<b>58,973,775</b>	<b>41,068,209</b>	<b>32,446,400</b>	<b>25,141,815</b>	<b>18,224,023</b>
26	Yield on Total Investments (annualised)	6.85%	6.08%	6.38%	7.24%	8.37%
27	Earning Per Share (Rs.)	(14.22)	(0.81)	1.26	(0.43)	0.12
28	Book value per share (Rs.)	34.90	26.65	27.00	24.49	22.69
29	Total Dividend	-	-	-	-	-
30	Dividend per share (Rs.)	-	-	-	-	-

\*Net of reinsurance

\*\*Net of loss on sale/redemption of investments

#Shareholders' funds/Net worth = (Share capital + Reserve &amp; Surplus + Employee Stock Option Reserve) - (Miscellaneous expenditure + Debit balance in profit &amp; loss account)

# Glossary

## Explanation of key financial terms used or any ratios calculated in Annual Report

Sl. No.	Terms	Description
1	Accretion of discount/amortisation of premium	Premium/discount refers to the price paid for a bond as against the par value of the bond. This discount or premium is spread over the remaining life of the bond and is called accretion or amortisation, respectively
2	Available Solvency Margin/ASM	Available solvency margin means the excess of value of assets of an insurance company over the value of its liabilities, with certain further prescribed adjustments by the IRDAI
3	Bad debts	Bad debt expense is the amount of an account receivable that is considered to be not collectible.
4	Book Value Per Share	This is computed as net worth divided by number of outstanding shares.
5	Catastrophic loss	One or more related losses whose consequences are extremely harsh in their severity. The loss is usually of such magnitude as to be difficult to predict.
6	Certificate of registration	Certificate granted by Insurance Regulatory and Development Authority of India under the IRDA (Registration of Indian Insurance Companies) Regulations, 2000, registering an insurance company to transact the classes of business specified therein.
7	Claim Incurred (net)	Claim incurred (net) are gross incurred claims less all claims recovered from reinsurers related to those gross incurred claims. The gross claims incurred comprise of claims paid, settlement costs, wherever applicable and change in the outstanding provision for claims at the period end
8	Co-insurance	Sharing of the same risk by multiple insurance companies.
9	Combined ratio	The combined ratio is a measure of profitability of a non- life insurance company's underwriting business. The combined ratio is the sum of the loss ratio and the net expense ratio
10	Commission	It is the incentive received by the insurance agent or salesperson for the sales achieved in a given period and includes brokerage, rewards and distribution fees
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	Excess of loss reinsurance/XOL (also known as non- proportional reinsurance)	A type of reinsurance transaction pursuant to which the reinsurer, subject to a specified limit, indemnifies the ceding insurer against the amount of loss in excess of a specified retention amount
15	Expenses of Management (EOM)	All expenses in the nature of operating expenses including commission, brokerage/ remuneration to the insurance agents, intermediaries and insurance intermediaries which are charged to the revenue account, but does not include the charges against profits such as income tax and other charges, as defined in the Insurance Regulatory and Development Authority of India (Expenses of Management of Insurers transacting General or Health insurance business) Regulations, 2016
16	Fair value change account	Unrealised gains/losses arising due to changes in the fair value of listed equity shares and mutual funds
17	FIMMDA	Fixed Income Money Market and Derivatives Association of India
18	Gross Direct Premium Income/GDPI	GDPI is the total premium received before taking into account reinsurance assumed and ceded
19	Gross Written Premium/GWP	GWP is the sum of GDPI and reinsurance inward premium accepted
20	GST	Goods and Service Tax
21	ICRA & Brickwork Rating	Credit Rating Agencies
22	Incurred but not enough reported/ IBNER	IBNER is a reserve reflecting expected changes (increases and decreases) in the estimates of reported claims as on the accounting date
23	Incurred But Not Reported Claim Reserves/IBNR	Includes IBNER, estimate for reopened claims, provision for incurred but not reported claims, provision for claims in transit as on the accounting date
24	Investment Income	Investment income will include, income taken to revenue account and profit and loss account (interest, profit/loss on sale, accretion of discount, amortization of premium, dividend earned during the period) and taken to financial statements pertaining to all the securities held under that category during that period
25	KMP	Key Managerial Personnel

Sl. No.	Terms	Description
26	Loss ratio	Loss ratio is the ratio of claims incurred (net) to NEP
27	MAT	Minimum Alternate Tax
28	NCD	Non-Convertible debentures
29	Net written premium/NWP	GWP less premium on reinsurance ceded
30	Net earned premiums/NEP	Net written premium adjusted by the change in UPR for the period
31	Net expense ratio	Net expense ratio is the ratio of the sum of operating expenses related to insurance business and commission paid (net) to the NWP
32	Net retention ratio	Premium retained by the Company and is calculated as Net Written Premium divided by Gross Written Premium
33	Net worth	Net worth represents the shareholders' funds and is computed as sum of share capital plus all reserves and surplus (except revaluation reserve and fair value change account but including ESOP Reserve), net of miscellaneous expenditure and debit balance in the profit and loss account
34	NPA	Non Performing Asset
35	Policyholders' Funds	The policyholders funds shall be the sum of (a) estimated liability for outstanding claims including IBNR and IBNER (b) unexpired risk reserve ("URR") (c) catastrophe reserve (d) premium deficiency (e) other liabilities net off other assets.
		"Other liabilities" comprise of (i) premium received in advance (ii) unallocated premium (iii) balance due to other insurance companies and (v) Sundry creditors (due to policyholders). Other assets comprise of (i) outstanding premium (ii) due from other entities carrying on insurance business including re-insurers, and (iii) balance with terrorism pool (if applicable)
36	Premium ceded	Premium on reinsurance ceded is the premium in relation to the risk that we cede to our reinsurers
37	Premium Deficiency Reserve	The reserve held in excess of the UPR, which allows for any expectation that the unearned premium reserve will be insufficient to cover the cost of claims and related expenses incurred during the period of unexpired risk
38	Reinsurance	Reinsurance is a transaction whereby one company, the reinsurer, agrees to indemnify another insurance company, the reinsured against all or part of the loss that the latter sustains under a policy or policies that it has issued, in return for a premium
39	Reinsurance ceded/accepted	Reinsurance means an insurance contract between one insurance company (cedant) and another insurance company (reinsurer) to indemnify against losses on one or more contracts issued by the cedant in exchange for consideration. The consideration paid/received is termed as reinsurance ceded/accepted. The intent of reinsurance is for an insurance company to reduce the risks associated with underwritten policies by spreading risks across alternative institutions
40	Required Solvency Margin/RSM	Shall be the higher of the amounts of RSM 1 and RSM 2 for each line of business ("LOB") separately.
		RSM 1 means required solvency margin based on net premiums, and shall be determined as 20% of the amount which is the higher of (a) the gross premiums multiplied by factor specified for each LOB and (b) the net premiums.
		RSM 2 means required solvency margin based on net incurred claims and shall be determined as 30% of the amount which is the higher of (a) the gross incurred claims multiplied by a factor specified for each LOB and (b) the net incurred claims
41	Retained risk	The amount of liability for which an insurance company will remain responsible after accounting for its reinsurance arrangements
42	Retention limit	The maximum amount of risk retained by an insurer, beyond which the insurer cedes the risk to reinsurers
43	Retrocession	Retrocession is the ceding of reinsurance accepted to another reinsurer
44	Senior Citizen Welfare Fund/SCWF	As part of the Finance Act 2015, the government has brought in the Senior Citizens' Welfare Fund Act, 2015 (SCWF). This mandates the transfer of unclaimed amounts of Policyholders to the fund (SCWF) after a period of 10 years
45	Share Issue expenses	Expenses incurred towards issuing of shares
46	Shareholders' Funds	Shareholders' funds comprise of share capital plus all reserves and surplus (except revaluation reserve and fair value change account but including ESOP Reserve) net of accumulated losses and Miscellaneous expenditure to the extent not written off as at the balance sheet date
47	Solatum fund	In 'Hit & Run' cases, accident victims are eligible for compensation through a Special Fund constituted in terms of Section 163 of the Motor Vehicles Act, 1988 called Solatum Fund.
48	Solvency Ratio (Solvency)	The ratio of ASM to the RSM

Sl. No.	Terms	Description
49	Technical reserves	Technical reserves means reserve for unearned premium plus premium deficiency reserve plus reserve for outstanding claims (including IBNR and IBNER)
50	Third Party Administrators/TPA	A company registered with IRDAI, and engaged by an insurer, for a fee or remuneration, by whatever name called and as may be mentioned in the agreement, for providing health services as mentioned under the Insurance Regulatory and Development Authority of India (Third Party Administrators - Health Services) Regulations, 2016
51	Third-party loss/TP loss	A loss suffered by a person(s) other than the insured or insurer who has incurred losses or is entitled to receive payment due to acts or omissions of the insured
52	Treaty	A reinsurance contract in which a reinsurance company agrees to accept all of a particular type of risk from the ceding insurance company. Reinsurers in a treaty contract are obliged to accept all risks outlined in the contract
53	Underwriting Balance Ratio	Computed as underwriting profit or loss divided by net earned premium for the respective class of business
54	Underwriting Results	Underwriting profit or loss which is computed as net premium earned less net claims incurred less premium deficiency reserve less net commission less operating expenses related to insurance business
55	Unearned Premium Reserve/UPR	An amount representing that part of the premium written which is attributable and to be allocated to the succeeding accounting periods
56	Unexpired Risk Reserve/URR	Reserves in respect of the liabilities for unexpired risks and determined as the aggregate of unearned premium reserve and premium deficiency reserve



# MAGMA HDI

---

General Insurance Company Ltd.

## Registered Office

**Address:** Development House, 24, Park Street,  
Kolkata, Pin - 700 016.

**Website:** [www.magmahdi.com](http://www.magmahdi.com)

**Email:** [customercare@magma-hdi.co.in](mailto:customercare@magma-hdi.co.in)

**Toll Free No.:** 1800 266 3202

**CIN:** U66000WB2009PLC136327

**IRDAI Registration No.:** 149

## Corporate Office & Customer Service

**Address:** Equinox Business Park, Tower 3,  
2nd floor, LBS road, Kurla West

Mumbai, Maharashtra, Pin - 400 086.

**Email:** [customercare@magma-hdi.co.in](mailto:customercare@magma-hdi.co.in)

**Toll Free No.:** 1800 266 3202



Trade Logo displayed above belongs to M/s Microfirm Capital Private Limited and HDI Global SE,  
and used by Magma HDI General Insurance Company Limited, under license.