

# **MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

**ANNUAL REPORT FOR THE  
FINANCIAL YEAR  
2018-19**

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# MAGMA HDI GENERAL INSURANCE COMPANY LIMITED

## CORPORATE INFORMATION

**Registered Office:** Development House, 24, Park Street, Kolkata - 700016  
**Head Office:** Rustomjee Aspire, 401, 4th floor, Off Eastern Express Highway, Sion Wadala Link Road, Mumbai – 400022  
**CIN:** U66000WB2009PLC136327  
**Website:** [www.magmahdi.com](http://www.magmahdi.com)  
**IRDAI Registration No.** 149

### BOARD OF DIRECTORS

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**Mr. Sanjay Chamria**  
*Chairman, Non Executive Director*

**Mr. Jens Holger Wohlthat**  
*Vice Chairman, Non Executive Director*

**Mr. Rajive Kumaraswami**  
*Managing Director and Chief Executive Officer*

**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. Suvalaxmi Chakraborty**  
*Non-Executive Independent Director*

### BANKERS

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- Axis Bank Limited
- State Bank of India
- United Bank of India
- ICICI Bank Limited
- Yes Bank Limited
- HDFC Bank

### KEY MANAGEMENT PERSONS

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**Mr. Vikas Mittal**  
*Deputy Chief Executive Officer*

**Mr. Gaurav Parasrampuria**  
*Chief Financial Officer*

**Mr. Amit Bhandari**  
*Chief Technical Officer & Chief Risk Officer*

**Mr. Shivendra Tripathi**  
*Appointed Actuary (w.e.f. 01.03.2019)*

**Mr. Anand Roop Choudhary**  
*Head Legal & Chief Compliance Officer*

**Mr. Amit Loya**  
*Chief Internal Auditor*

**Mr. Jinesh M. Shah**  
*Chief Investment Officer*

**Ms. Kavita Modi**  
*Company Secretary*

### JOINT STATUTORY AUDITORS

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**M/s. Haribhakti & Co. LLP**  
*Chartered Accountants*  
705, Leela Business Park, Andheri - Kurla Road,  
Andheri (E), Mumbai - 400059

**M/s. MSKA & Associates**  
*Chartered Accountants*  
The Ruby, Level 9, North West Wing,  
Senapati Bapat Marg, Dadar (W), Mumbai - 400028

### SECRETARIAL AUDITOR

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**Vinod Kothari & Company**  
*Practising Company Secretaries*  
1006-1009, Krishna Building,  
224 A.J.C. Bose Road, Kolkata - 700 017

From the desk of

**Rajive Kumaraswami**

Managing Director & CEO



Dear Stakeholders,

I write to you with a feeling of satisfaction for the year that has gone by and with an excitement for the current one which looks equally promising. The country has delivered a definitive verdict in the recently held elections and there is a palpable sense of optimism around us. We are fortunate to be a part of this high potential general insurance industry in India driven by increasing awareness, innovative products and expanding distribution channels.

In FY 19, gross direct premium collection of non-life insurance companies grew by 13.4% and the industry collected premiums of Rs 1.69 lakh crore against Rs 1.51 lakh crore in the previous financial year. This growth was led by health insurance followed by other lines of business.

The Regulatory environment too continues to be progressive and supportive of growth in the sector. In FY 19, IRDAI made third party insurance cover for new cars and two-wheelers mandatory for a period of three years and five years, starting September 1, 2018. This is a positive development as it addresses the problem of non-renewal of motor insurance in case of older vehicles and will ensure that the legal heirs of the road accident victims get duly compensated in case of accidents.

For the past couple of years, the country has been witnessing catastrophic events in one part or the other. FY 19 saw the state of Kerala, severely impacted by floods. Although these unfortunate events continue to lash the country, majority of the population does not understand the need of buying insurance. This brings me to the dire need for educating and creating awareness amongst the consumers and gaining confidence of those who are aware, by offering simple products coupled with easy and uncomplicated processes at the time of claim settlement. Your company continues to work in this direction.

I am delighted to announce that this year our company has achieved two momentous milestones **clocking Rs 1000 Cr GWP** and in the process underwriting **1 million policies**.

Every milestone of ours has one secret recipe which is keeping customers at the heart of everything we do. We are re-imagining our products, continuously innovating and revamping our processes to provide simple and transparent insurance solutions that matter to people. We have successfully introduced 14 products last year working towards this singular objective.



With advancing technology and changing customer preferences, regulations and market conditions have propelled significant shifts across the insurance distribution landscape in India. Boundaries between the online and offline world are increasingly overlapping. Consumers are demonstrating multi-channel behavior, e.g., 60–70% of online users conduct digital research before purchasing financial products. It has become imperative for us to ensure that we cater to both the offline and online media, we therefore have to be ready in accordance with the changing marketing dynamics that is:

- Hybrid distribution channels
- Instant online onboarding
- Technology driven infrastructure

**Simplification of the buying journey and leveraging technology to collaborate within ecosystems to deliver customer-centric value proposition will be our guiding principles.**

Without much ado! I would like to take the pleasure in presenting the financial statements year ended 31st March, 2019.

**The highlights of the Financial Results are as under:**

In FY 19 our company achieved a growth rate higher than the market growth rate; a second year in succession. The year was defining in many aspects and some of the key achievements are summarized below:

1. The company has registered robust growth of 83.1%
2. The strategy to diversify the product portfolio also yielded results with the Motor, Commercial and Health contribution standing at about 73%, 18% and 9% respectively vis-à-vis 74%, 22% and 4% respectively in the previous financial year.
3. There has been an overall improvement in the operating environment in terms of policy issuance TATs and claim disposal ratios.
4. The combined ratio for the Company improved from 120.2% in FY 18 to 112.1% in FY 19.

A snapshot of Company performance is as below:

Particulars	(Rs. in lakhs)	
	FY 2018	FY 2019
No. of Policies issued (count)	664,349	1,174,532
Gross Written Premium	56,028	102,582
Gross Direct Premium Income	52,669	97,011
Net earned premium	33,458	38,495
Income from Investments	9,090	10,731
Profit/(Loss) before tax	606	(820)
Profit/(Loss) after tax	491	143
Investment income & Other Income	9,090	10,731

Solvency Margin (as on 31 March 2019)	
Solvency Margin	IRDAI prescribed limit
158%	150%

We continue to be excited about the future. Based on the emerging opportunities, we believe that FY 20 will be another year that will shatter the glass ceiling for us. We shall continue to maintain our focus on our retail product classes across Motor & Health and shall continue to invest in growing the distribution franchise and upgrade to next generation technical & technological capabilities.



**Rajive Kumaraswami**  
Managing Director & Chief Executive Officer

**BOARD'S REPORT**

**Dear Shareholders,**

Your Directors have pleasure in presenting the tenth Annual Report of your Company together with the Audited Financial Statements of the Company for the financial year ended 31 March, 2019. The summarized financial results are given below:

**FINANCIAL HIGHLIGHTS**

*(Rupees in lakhs)*

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018	Growth %
No. of Policies	1,174,532	664,349	76.8%
Gross Written Premium	102,582	56,028	83.1%
Gross Direct Premium Income	97,011	52,669	84.2%
Earned Premium	38,495	33,458	15.1%
Income from Investments	10,626	9,025	17.7%
Profit/(Loss) before tax	(820)	606	-235.3%
Profit/(Loss) after tax	143	491	-70.9%

**STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK**

Magma HDI General Insurance Company Limited is a joint venture between Magma Fincorp Limited, Jaguar Advisory Services Private Limited, Celica Developers Private Limited and HDI Global SE.

During the year under review, the Company operated from 169 locations spread over 22 States and 1 Union Territory across the country.

The year 2019 has been a significant year wherein we have sourced more than 1 million customer policies and we crossed Rs. 1000 crores in terms of Gross Written Premium (GWP) registering an overall growth of 83.1% during the year. We have widened our agent base and crossed 5000 mark in same.

The Gross Direct Premium Income written by the Company during the year ended 31 March, 2019 is Rs. 97,011 lakhs (P.Y. Rs. 52,669 lakhs). Motor segment has grown by 80.6% to 74,655 lakhs in FY19 (Rs. 41,342 lakhs in FY18). Non motor segment (including Health) has grown by 97.4% to Rs. 22,356 lakhs during the current year (Rs. 11,327 lakhs in FY18).

During the year, motor continues to be the dominant portfolio for the Company with the contribution being 73% of the portfolio vis-a-vis 74% last year. With the launch of Group Health,

contribution of health (including PA) in total GWP has improved to 9.2% in FY19 from 3.6% in FY18. We added a new Original Equipment Manufacturers (OEM) tie up and the business from Bancassurance & OEM tie-ups has started gaining momentum contributing 15.5% in FY19 as against 5.6% in FY18.

The Company continues to enjoy one of the lowest Motor Own Damage loss ratios in the industry. The combined ratio has improved from 120.2% to 112.1%. During the year, the Company has entered first of its kind in Indian Market reinsurance arrangement for Motor TP Book as at 31 March 17 along with its claims liability. As a result of the above arrangement, the profit for the year ended 31 March, 2019 is higher by Rs. 2,467 lakhs. The Company reported a loss before tax of Rs. 820 lakhs during the year (P.Y. profit of Rs. 606 lakhs) and profit after tax of Rs. 143 lakhs (P.Y. Rs. 491 lakhs).

During the year, the Company raised additional capital of Rs. 125 crore of which a sum of Rs. 50 crores was allotted resulting in a solvency of 1.58 as at 31 March, 2019. The balance infusion of Rs. 75 crores is lying as share application money pending allotment as on the balance sheet date. In case the same is considered as part of the solvency capital, the solvency would improve to 2.07.

On technology front, we have implemented 2Wheeler long term product as per regulatory requirement within a very short time frame. Also, mobile based pre- inspection app (Insta Survey) for Agents, Customers and External Agencies has been launched, which will help in reduction of policy issuance TAT. We have also launched Marine online certificate issuance portal.

#### **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.

#### **CHANGES IN THE NATURE OF BUSINESS**

There has been no change in the nature of business of the Company during the financial year 2018-19.

#### **DETAILS OF SUBSIDIARY/ASSOCIATES/JOINT-VENTURE COMPANY**

Your Company does not have Subsidiary/Associates/Joint-Venture Company as on 31 March, 2019.



## **SOLVENCY**

The Company's solvency margin as at 31 March, 2019 stands at 1.58 times, which is above the prescribed limit 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.

## **DIVIDEND**

In view of the planned business growth, your Directors deem it proper to preserve the resources of the Company for its activities and therefore, do not propose any dividend for the Financial Year ended 31 March, 2019. The Directors also inform that the Company has not declared any interim dividend during the year.

## **TRANSFER TO RESERVES**

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

## **CHANGES IN SHARE CAPITAL**

During the year under review, the authorized share capital of the Company has been increased from Rs. 12000 lakhs to Rs. 20000 lakhs and paid up share capital of the Company has been increased from Rs. 11250 lakhs to Rs. 12500 lakhs, pursuant to allotment of 1,25,00,000 Equity Shares of Rs. 10/- each under Rights issue at a premium of Rs. 30/- each aggregating to Rs. 5000 lakhs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

Your Company has also approved issuance of 1,87,50,000 Equity Shares of Rs. 10/- each under Preferential issue at a premium of Rs. 30/- each aggregating to Rs. 7500 lakhs, during the year under review. The allotment of such equity shares have not yet been made, pending approval of IRDAI.

## **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 financial year 2018-19 together with a Certificate of Compliance are attached and form part of this Annual Report.

## **SECRETARIAL STANDARDS**

The Company complies with all applicable secretarial standards.

## **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 underwrite large risks (upto defined limits) without having to refer each case to them. These arrangements are referred as Proportional Treaties where the Company and the reinsurers share the premium and claims in an agreed proportion. The Company has also got into treaty arrangements (termed as Non-proportional Treaties) which protects it against the accumulation of risks on its books against catastrophic losses and also large risks/individual losses.

The Company analyses the likely loss in case of a catastrophe based on RMS India Earthquake Model. 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.

During FY19, the Company had enhanced its automatic capacities for all lines of business which helped in business growth especially in commercial business.

The entire reinsurance program is supported by Reinsurers rated "A" worldwide (like GIC Re, Munich Re, SCOR SE, XL Catlin) which reduces counter party credit risk significantly.

Further, during FY19, the Company purchased an adverse loss development cover on excess of loss basis for losses arising out of Motor Third party claims. A first in the Indian market, this transaction resulted in recognition of a deferred gain at its inception, equal to the difference in the premium paid and the ceded reserves as at 31 March 2017. As a collateral benefit, the capital requirement also decreased on account of reduction in the Required Solvency Margin (RSM) and increase in Available Solvency Margin (ASM).

## **CLAIM SERVICE**

The Company has a fair and robust claims management practice. The Company continues to practice and look at its processes so as to empathize with the customer and ensure a fair and fast settlement of any claim. It also leverages technology to achieve this objective, which at the same time, ensures cost effective scalability of its claims operations.

**Details of Claims intimated, disposed of and pending:**

<b>Particulars</b>	<b>Total Number of claims FY19</b>	<b>Total Number of claims FY18</b>
Outstanding at beginning of Financial Year	6182	5794
Intimated during the year	45292	27073
Settled during the year	43375	26683
Outstanding at the end of the Financial Year	8099	6182

**INVESTMENTS**

The Company follows a prudent investment strategy with emphasis on optimizing risk adjusted returns despite volatile market conditions. The Company has a diversified fixed income portfolio, considering safety, liquidity and duration spread across various debt instruments, companies, groups and industries.

The Investment portfolio of the Company as on 31 March, 2019 stood at Rs. 1,46,229 lakhs compared to Rs. 1,13,712 lakhs as on 31 March, 2018. Out of the total fixed income portfolio (excluding fixed deposits and money market instruments) 73.8% (P.Y. 74.8%) are invested in Sovereign Bonds and highest credit rated securities (AAA or equivalent). In terms of Maturity profile, 89.6% (P.Y. 80.2%) of the portfolio comprises of the long tenor instruments and 10.4% (P.Y. 19.8%) of the short term instruments.

The Company's internal Investment Policy has defined detailed exposure norms for companies, groups and industries in accordance with IRDAI guidelines. The Company has duly complied with these policies and regulatory guidelines during the FY 2018-19. The Company conducts periodic review of the investment portfolio with the above stated objectives. The Company does not hold any non-performing assets in its debt portfolio.

Your Company's investment in "9.50% ILFS NCD 28-07-2024" (Secured NCDs) of IL&FS amounting to Rs. 10.32 crores has been downgraded by the rating agencies, ICRA and CARE to junk grade 'D' in September 2018 after the investee company defaulted on its liability repayments. The management of the Company has identified the same as a Loss Asset. The full value of the Investment has been written off during the year.

**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.

## **EMPLOYEE STOCK OPTION SCHEME**

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

The Magma HDI General Insurance Company 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 2018 in accordance with the applicable SEBI Regulations.

The details of the options granted and outstanding as on 31 March 2019 along with other particulars as required by Regulation 14 of the SEBI Regulations are available on the website of the Company [www.magmahdi.com](http://www.magmahdi.com) at [www.magmahdi.com/public-disclosures](http://www.magmahdi.com/public-disclosures) and the Auditors' Certificate would be placed at the forthcoming Annual General Meeting pursuant to Regulation 13 of the said Regulations.

Your Company has also granted a loan of Rs. 6.5 crores to Magma HDI General Insurance Company ESOP Trust for purchase of its own shares by the Trust/Trustees for the benefit of employees under Magma HDI General Insurance Company Limited - Employee Stock Option Plan 2018.

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and in terms of Articles of Association of the Company, Mr. Mayank Poddar (DIN 00009409) shall retire by rotation at the ensuing AGM. Further, being eligible, he offers himself for reappointment.

The Directors has confirmed that he is not disqualified from being appointed as Directors in terms of Section 164(2) of the Companies Act, 2013.

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

There was no change in the Key Managerial Personnel during the year.

## **STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SECTION 149 (6) 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. Suvalaxmi Chakraborty (DIN 00106054) have given declaration to the Company stating that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 for the financial year 2019-20.

### **MEETINGS**

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

#### **Board Meetings**

During the financial year 2018-19, seven (7) 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 financial year 2018-19, 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 was one (1) resolution that was passed by means of circular resolutions.

#### **Audit Committee**

The Audit Committee comprises of Mr. V. K. Viswanathan who serves as the Chairman of the Committee, Mr. Sunil Mitra, 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 four (4) 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.

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 CSR Policy is available on the Company's website at [www.magmahdi.com](http://www.magmahdi.com).

An amount of Rs.5.59 lakhs was paid to Magma Foundation, a registered trust for undertaking various CSR projects and programs, the implementing agency as considered by the CSR Committee of the Company on 31 March, 2018. The amount was subsequently spent during FY 2018-19.

As per the erstwhile provisions of the Companies Act, 2013, the companies were allowed to deduct the excess of expenditure over income which has arisen on or after the commencement of the Act (2014). However, the Ministry by virtue of the Companies (Amendment) Act, 2017 on 19 September, 2018 has allowed to deduct the accumulated losses which have arisen even before 2014.

It may be noted that the Company had total accumulated losses of Rs. 27.54 crores as on 31 March 2018 and after setting off the same from profits on the basis of above change in the provisions of the Companies Act, CSR is no more applicable to your Company for FY 18-19.

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

During the year, a separate meeting of Independent Directors was held on 17 January, 2019 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.

## **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 17 January, 2019 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.

### **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 considered by the Nomination and Remuneration Committee (NRC) taking into account various parameters included in the Remuneration Policy document. His remuneration comprises of salary, allowances and perquisites as indicated in Notes to Accounts. The remuneration paid to him has been approved by Insurance Regulatory and Development Authority of India.

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.

## **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, insofar 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 finalised;

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.**

1.1 For each Independent Director, the appointment shall be based on the need identified by the Board;

1.2 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;

1.3 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;

1.4 Any appointment of the Independent Director shall be approved at the meeting of the shareholders, in accordance with extant laws;

1.5 Director's Independence test shall be conducted as per the conditions specified in the Companies' Act and the rules thereunder;

1.6 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

1.7 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:**

1.1 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;

1.2 Directors shall be reimbursed any travel or other expenses, incurred by them, for attending the board and committee meetings;

1.3 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;

1.4 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.

## **RISK MANAGEMENT POLICY**

The Board of your Company with the intent to implement a consistent, efficient, and economical 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 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. Further the Board is of opinion that at present there are no risks that may threaten the functioning of the Company. 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.

## **VIGIL MECHANISM**

The Company has adopted the "Breach of Integrity and Whistle Blower (Vigil Mechanism) Policy" as has been approved and adopted by the Magma Group establishing vigil mechanism, to

provide a formal 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 has 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. [www.magmahdi.com/public-disclosures](http://www.magmahdi.com/public-disclosures)

### **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 an arm's length basis and the same were also reviewed by the Audit Committee of the Board. There are no materially significant related party transactions entered by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

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

### **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.

### **STATUTORY AUDITORS AND AUDITORS' REPORT**

M/s. Haribhakti & Co. LLP, Chartered Accountants, having Registration No. 103523W/W100048 was appointed for a period of 5 years from the conclusion of the 7th AGM (FY 2015-16) till the conclusion of the 12th AGM (FY 2020-21) as Joint Statutory Auditors of the Company.

M/s. MSKA & Associates, Chartered Accountants, having Registration No. 105047W was appointed for a period of 5 years from the conclusion of the 8th AGM (FY 2016-17) till the conclusion of the 13th AGM (FY 2021-22) as Joint Statutory Auditors of the Company.

## **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 FY 2018-19.

## **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 financial year 2018-19. The Report of the Secretarial Auditor for the financial year ended 31 March, 2019 is annexed herewith as "Annexure A".

## **SECRETARIAL AUDITORS' OBSERVATIONS**

The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer in FY 2018-19.

## **COST AUDIT**

Maintenance of cost records as per section 148(1) of the Companies Act 2013 are not applicable to the Company.

## **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.

## **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. During the year under review, no case of sexual harassment was reported.

## **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, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. The Directors had 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, 2019 and of the profit/(loss) of the Company for that period;
- c. The Directors had 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 had prepared the annual accounts of the Company on a going concern basis; and
- e. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and ensured that they were adequate and operating effectively.

## **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.

## **PARTICULARS REGARDING CONSERVATION OF ENERGY OR TECHNOLOGY ABSORPTION**

Your Company does not have any activity relating to conservation of energy or technology absorption.

## **FOREIGN EXCHANGE EARNINGS AND OUTGO**

Earnings in foreign currency is Rs. 543 lakhs (P.Y. Rs. 1,223 lakhs)

Expenditure in foreign currency is Rs. 2,294 lakhs (P.Y. Rs. 4,184 lakhs)

## **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT-9 forms part of this Board's Report and is annexed herewith and marked as "Annexure B".

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

Pursuant to Section 186(11) of the Companies Act, 2013, the Company is not required to make any disclosure under Section 186 during the period under review.

## **PARTICULARS OF EMPLOYEES REMUNERATION UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULES MADE THEREUNDER**

Pursuant to Section 197(12) of the Companies Act, 2013, every listed company shall disclose in the Board's report, the ratio of the remuneration of each director to the median employee's remuneration and such other details as may be prescribed.

Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 provides for the other details to be prescribed by such listed companies. Since your Company is an unlisted Company, it is not required to comply with the provisions of the aforesaid sub-section and rule.

## **DISCLOSURE WITH REGARD TO IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS (Ind AS) IN INSURANCE SECTOR**

As per IRDAI vide its Circular No. IRDA/F&A/CIR/ACTS/146/06/2017 dated 28 June 2017, the implementation of Ind AS in the insurance sector in India has been deferred for a period of two years and the same is proposed to be implemented in FY 2020-21.

However, the Company is continuing to submit its proforma IndAS Financial Statements as per Companies (Indian Accounting Standards) Rules, 2015 with IRDAI.

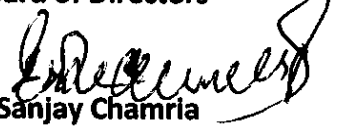
## **ACKNOWLEDGEMENT**

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  
Dated: 2 May, 2019

  
**Sanjay Chamria**  
Chairman  
DIN 00009894

*KM*

*Sanjay Chamria*

## VINOD KOTHARI & COMPANY

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PAN No - AAMFV6726E  
GSTIN No. - 19AAMFV6726E1ZR  
Udyog Aadhaar Number – WB10D0000448

**Form No. MR-3**

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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

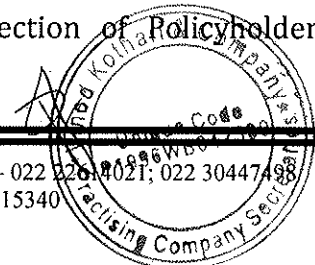
**To**  
**The Members**  
**Magma HDI General Insurance Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by Magma HDI General Insurance Company Limited (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company as specified in Annexure I 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 covered by our audit, that is to say, from April 01, 2018 to March 31, 2019 (hereinafter referred to as "Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, for the financial year ended on March 31, 2019 according to the provisions of:

1. The Companies Act, 2013 ('Act, 2013') and the rules made thereunder including any re-enactment thereof;
2. Secretarial Standards 1 and 2 as issued by the Institute of Company Secretaries of India;
3. Specific laws applicable as mentioned hereunder:
  - a) The Insurance Act, 1938;
  - b) Insurance Regulatory and Development Authority (Protection of Policyholder's Interests) Regulations, 2017;

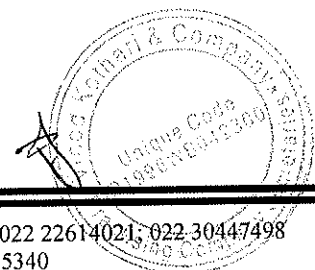




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- c) Indian Insurance Companies (Foreign Investment) Rules, 2015;
- d) Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) Regulations, 2000;
- e) Insurance Regulatory and Development Authority (Insurance Advertisements and Disclosure) Regulations, 2000 (updated amendment in 2015);
- f) (General Insurance - Reinsurance) Regulations, 2000- updated with (General Insurance - Reinsurance) Regulations, 2016 and Re-insurance Regulatory and Development Authority of India (Re-insurance) Regulations, 2018;
- g) Insurance Regulatory and Development Authority (Assets, Liabilities, and Solvency Margin of General Insurance Business) Regulations, 2016 ;
- h) Insurance Regulatory and Development Authority (Appointed Actuary) Regulations, 2017;
- i) Insurance Regulatory and Development Authority (Actuarial Report and Abstract) Regulations, 2000;
- j) Insurance Regulatory and Development Authority (Obligations of Insurers to Rural Social Sectors) Regulations, 2002;
- k) Insurance Regulatory and Development Authority of India (Regulation of Insurance Business in Special Economic Zone) Rules, 2015;
- l) Insurance Regulatory and Development Authority of India (Transfer of Equity Shares of Insurance Companies), Regulations, 2015;
- m) Motor Third Party Pool Reserves and Account Reserves Regulations, 2015;
- n) Anti-Money Laundering/Counter Financing of Terrorism- Guidelines for General insurers;
- o) Public Disclosures by Insurers;
- p) Insurance Regulatory and Development Authority of India (Micro Insurance) Regulations, 2015;
- q) IRDA (Place of Business) Regulations, 2015;
- r) IRDA (Obligation of Insurer in respect of Motor Third Party Insurance Business) Regulations 2015;
- s) IRDAI (Maintenance of Insurance Records) Regulations, 2015;
- t) IRDA (Web Aggregators) Regulations, 2013;
- u) IRDA (Sharing of Database for Distribution of Insurance Products) Regulations, 2010;
- v) IRDA (Manner of Receipt of Premium) Regulations, 2002;
- w) IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2000;
- x) IRDA Corporate Governance Guidelines, 2016;
- y) Guidelines on Stewardship Code for Insurers in India;
- z) Guidelines on Information and Cyber Security for insurers;



# VINOD KOTHARI & COMPANY

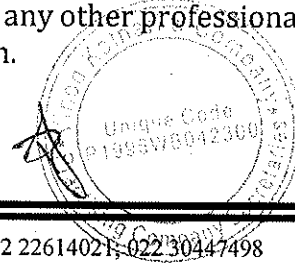
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- aa) IRDA (Loans or Temporary advances to the full-time Employees of the Insurers) Regulations, 2016;  
bb) Other applicable Insurance Regulatory and Development Authority (IRDA) Regulations and Guidelines.

## Management Responsibility:

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;
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 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. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company;
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc;
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis;
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

The observations mentioned in this report are in addition to the observations and qualifications, if any, made by the statutory auditors of the Company or any other professional and the same has not been reproduced herein for the sake of repetition.



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Udyog Aadhaar Number – WB10D0000448

## We report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The number of directors liable to retire by rotation is in compliance with provision of 152 (6) of Act, 2013 which provides that 2/3rd of the total directors (except independent directors) of the Company shall be such whose period of office will be liable to determination by retirement of directors by rotation. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act, 2013.

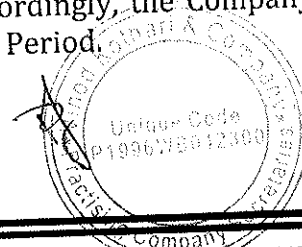
Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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 mechanism exists in the Company to monitor and ensure compliance with applicable other general laws.

**We further report** that the Company has incurred the following specific events/ actions that can have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

### **1. Approval for Magma HDI General Insurance Company Limited- Employee Stock Option Plan 2018**

The members of the Company at its Extra-ordinary General Meeting dated 17<sup>th</sup> April, 2018 gave their approval to transfer upto 45,00,000 Employee Stock Options (ESOPs) of face value of Rs. 10 each to the eligible employees of the Company through an Employee Stock Option Plan Trust (ESOP Trust). Further, as per the provisions of Section 67 of the Act, 2013, the members agreed to grant loan, provide guarantee or security in connection with loan to the ESOP Trust. Accordingly, the Company had issued 8,85,488 shares to the ESOP Trust during the Audit Period.



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## 2. Reply submitted to IRDAI on the Inspection Report provided by the IRDAI to the Company

The IRDAI has conducted an inspection of the Company in the financial year 2017-18 and has submitted its first set observation report to the Company vide its report dated 13<sup>th</sup> June, 2018. The Company has duly sent a reply to the IRDAI vide its report dated 2<sup>nd</sup> August, 2018.

## 3. Alteration in the Articles of Association of the Company

In order to align the Articles of Association (AoA) of the Company with the Guidelines on "India owned and controlled" dated 19<sup>th</sup> October, 2015 issued by Insurance Regulatory and Development Authority of India, the AoA of the Company was duly amended with the approval of the shareholders of the Company in its Annual General Meeting dated 27<sup>th</sup> July, 2018 as per the directions sent by the IRDAI to the company vide its order.

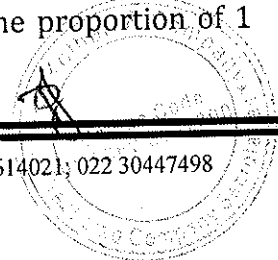
## 4. Increase in authorized share capital of the Company and alteration in the Memorandum of Association of the Company

The authorized share capital of the Company was increased from Rs. 120 Cr divided into 12 Cr equity shares of Rs. 10/- each to Rs. 200 Cr divided into 20 Cr equity shares of Rs. 10/- each with the approval of the members of the Company in the Extraordinary General Meeting of the Company held on 26<sup>th</sup> October, 2018. Further, the Memorandum of Association (MoA) of the Company was altered and replaced by the following clause:

*"The Authorised Share Capital of the Company is Rs. 200,00,00,000 (Rupees Two Hundred Crores Only) divided into 20,00,00,000 (Twenty Crore Only) equity shares of Rs.10/- (Rupees Ten Only) each."*

## 5. Rights issue of the equity shares of the Company

It was proposed to raise a finance of Rs. 50 Cr by way of further issue of shares. Accordingly, the Company has issued 1,25,00,000 equity shares of face value of Rs. 10 each at a price of Rs. 40 per share including premium of Rs. 30 per share aggregating to Rs. 12.50 Cr to the existing shareholders of the Company in the proportion of 1 equity share per 9 share subject to a lock-in restriction of 5 years.



# VINOD KOTHARI & COMPANY

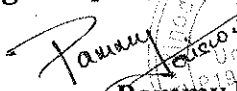
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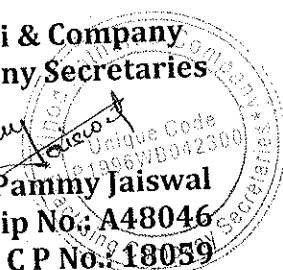
## 6. Preferential issue of equity shares of the Company

The members of the Company at its Extra-ordinary General Meeting dated 16<sup>th</sup> March, 2019, gave their consent to offer, issue and allot 1,87,50,000 equity shares of face value of Rs. 10/- each at a price of Rs. 40/- each (including premium of Rs. 30/- per share aggregating to 75 Cr to Serum Institute of India Private Limited and Celica Developers Private Limited. The allotment is still in the process of completion.

Place: Kolkata  
Date: 29 April, 2019

For Vinod Kothari & Company  
Practising Company Secretaries

  
Pammy Jaiswal  
Membership No: A48046  
C P No: 18039



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GSTIN No. - 19AAMFV6726E1ZR  
Udyog Aadhaar Number – WB10D0000448

## ANNEXURE-I

### List of Documents

#### 1. Corporate Matters

1.1 Minutes books of the following Meetings were provided:

- 1.1.1 Board Meeting
- 1.1.2 Audit Committee
- 1.1.3 Nomination and Remuneration Committee
- 1.1.4 Investment Committee
- 1.1.5 Risk Management Committee
- 1.1.6 Policyholders' Protection Committee
- 1.1.7 Management Committee
- 1.1.8 General Meeting

1.2 Annual Report (2017-18)

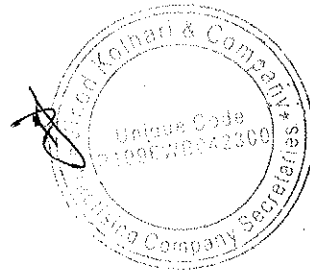
1.3 Financial Results up to quarter ended December 31, 2018

1.4 Disclosures under the Act, 2013 and as per IRDA Guidelines

1.5 Policies framed under the Act, 2013 and IRDA Guidelines

1.6 Forms and returns filed with the ROC and IRDA

1.7 Registers maintained under Act, 2013 and as per IRDA



**Annexure 'B' to Board's Report**

**FORM NO. MGT-9**

**Extract of Annual Return as on the financial year ended on 31 March, 2019**

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

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	U66000WB2009PLC136327
ii)	Registration Date	26 June, 2009
iii)	Name of the Company	Magma HDI General Insurance Company Limited
iv)	Category of the Company/ Sub Category of the Company	Public Company having share capital
v)	Address of the Registered office and contact details	Development House, 24, Park Street, Kolkata – 700 016 Telephone No. 033-4401 7350 e-mail: kavita.modi@magma-hdi.co.in
vi)	Whether listed company Yes / No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Niche Technologies Private Limited 3A, Auckland Place, 7 <sup>th</sup> Floor, Room No. 7A & 7B Kolkata - 700017 Telephone Nos.: 033-2280 6616/17/18 Fascimile No.: 033-2280 6619 e-mail: nichetechpl@nichetechpl.com

**Note: Registered office shifted to Development House, 24, Park Street, Kolkata- 700016 w.e.f. 12 April 2019.**

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

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

Sl. No.	Name and Description of main products /services	NIC Code of the Product/service	% to total turnover of the Company
1	Non- Life Insurance	65120	100%

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

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
Nil					

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**  
**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt. (s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	61249600	22500400	83750000	74.44	92114512	-	92114512	73.69	(0.75)
e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (A) (1):-</b>	<b>61249600</b>	<b>22500400</b>	<b>83750000</b>	<b>74.44</b>	<b>92114512</b>	<b>-</b>	<b>92114512</b>	<b>73.69</b>	<b>(0.75)</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	-	28750000	2,8750000	25.56	32000000	-	32000000	25.60	0.04
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (A) (2):-</b>	<b>-</b>	<b>28750000</b>	<b>28750000</b>	<b>25.56</b>	<b>32000000</b>	<b>-</b>	<b>32000000</b>	<b>25.60</b>	<b>0.04</b>
<b>Total Shareholding</b>	<b>61249600</b>	<b>51250400</b>	<b>112500000</b>	<b>100.00</b>	<b>124114512</b>	<b>NIL</b>	<b>124114512</b>	<b>99.29</b>	<b>(0.71)</b>



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
<b>of Promoter (A) = (A)(1)+(A)(2)</b>									
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (B)(1):-</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>2. Non-Institutions</b>									
a) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(i) NRI/ OCB	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Trust - Magma HDI General Insurance Company ESOP Trust	NIL	NIL	NIL	NIL	885488	-	885488	0.71	0.71
(iii) Clearing Member	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(2):-	NIL	NIL	NIL	NIL	885488	-	885488	0.71	0.71
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	NIL	NIL	NIL	885488	-	885488	0.71	0.71
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	61249600	51250400	112500000	100.00	125000000	NIL	125000000	100.00	NIL

**ii) Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	
1.	Magma Fincorp Limited	3,52,50,000	31.33	0	3,98,98,281	31.92	0	0.59
2.	Celica Developers Private Limited	2,59,99,600	23.11	0	2,97,15,787	23.77	0	0.66
3.	Celica Developers Private Limited Jh: Vanita Chamria	100	0	0	111	0	0	0
4.	Celica Developers Private Limited Jh: Harshvardhan Chamria	100	0	0	111	0	0	0
5.	Celica Developers Private Limited Jh: Sanjay Chamria	200	0	0	222	0	0	0
6.	Jaguar Advisory Services Private Limited	2,25,00,000	20.00	0	2,25,00,000	18.00	0	(2.00)
7.	HDI Global SE	2,87,50,000	25.56	0	3,20,00,000	25.60	0	0.04
	<b>Total</b>	<b>11,25,00,000</b>	<b>100</b>	<b>0</b>	<b>12,41,14,512</b>	<b>99.29</b>	<b>0</b>	<b>(0.71)</b>

**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>At the beginning of the year</b>				
Magma Fincorp Limited	3,52,50,000	31.33	3,52,50,000	31.33
Celica Developers Private Limited	2,59,99,600	23.11	2,59,99,600	23.11

Celica Developers Private Limited Jh: Vanita Chamria	100	0	100	0
Celica Developers Private Limited Jh: Harshvardhan Chamria	100	0	100	0
Celica Developers Private Limited Jh: Sanjay Chamria	200	0	200	0
Jaguar Advisory Services Private Limited	2,25,00,000	20	2,25,00,000	20
HDI Global SE	2,87,50,000	25.56	2,87,50,000	25.56
<b>Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus /sweat equity etc.):</b>				
<b>Shares Transferred to Magma HDI General Insurance Company ESOP Trust on 04.06.2018</b>				
Magma Fincorp Limited	(4,90,608)	(0.44)	(4,90,608)	(0.44)
Celica Developers Private Limited	(3,94,880)	(0.35)	(3,94,880)	(0.35)
<b>On Right basis and allotted on 31.12.2018</b>				
Magma Fincorp Limited	51,38,889	4.11	51,38,889	4.11
Celica Developers Private Limited	41,11,067	3.29	41,11,067	3.29
Celica Developers Private Limited Jh: Vanita Chamria	11	0	11	0
Celica Developers Private Limited Jh: Harshvardhan Chamria	11	0	11	0
Celica Developers Private Limited Jh: Sanjay Chamria	22	0	22	0
Jaguar Advisory Services Private Limited	-	-	-	-
HDI Global SE	32,50,000	2.60	32,50,000	2.60
<b>At the end of the year</b>				
Magma Fincorp Limited	3,98,98,281	31.92	3,98,98,281	31.92
Celica Developers Private Limited	2,97,15,787	23.77	2,97,15,787	23.77
Celica Developers Private Limited Jh: Vanita Chamria	111	0	111	0
Celica Developers Private Limited Jh: Harshvardhan Chamria	111	0	111	0
Celica Developers Private Limited Jh: Sanjay Chamria	222	0	222	0
Jaguar Advisory Services Private Limited	2,25,00,000	18.00	2,25,00,000	18.00
HDI Global SE	3,20,00,000	25.60	3,20,00,000	25.60

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>At the beginning of the year:</b>		N.A.	N.A.	N.A.	N.A.
<b>Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/ bonus / sweat equity etc.): transfer of equity shares</b>		N.A.	N.A.	N.A.	N.A.
Magma HDI General Insurance Company ESOP Trust		8,85,488	0.71	8,85,488	0.71
<b>At the End of the year (or on the date of separation, if separated during the year):</b>		N.A.	N.A.	N.A.	N.A.
Magma HDI General Insurance Company ESOP Trust		8,85,488	0.71	8,85,488	0.71

**v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>1</b>	Mr. Sanjay Chamria, Non - Executive Director				
<b>At the beginning of the year</b>		200	0.00	200	0.00
<b>Date wise Increase /Decrease in Shareholding during the Year specifying the reasons for increase/decrease (e.g. allotment / transfer /bonus/ Sweat equity etc.): On Right basis allotted on 31.12.2018</b>		-	-	-	-
Mr. Sanjay Chamria, Non-Executive Director		22	0.00	22	0.00
<b>At the end of the year</b>		222	0.00	222	0.00

**None of the Directors other than Mr. Sanjay Chamria who jointly with Celica Developers Private Limited holds shares in the Company and none of the KMPs hold shares in the Company.**

**V. INDEBTEDNESS**

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

(Rs. in Lakhs)				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	29.95	NIL	NIL	29.95
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>29.95</b>	<b>NIL</b>	<b>NIL</b>	<b>29.95</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	39.39	NIL	NIL	39.39
Reduction	7.72	NIL	NIL	7.72
<b>Net Change</b>	<b>31.67</b>	<b>NIL</b>	<b>NIL</b>	<b>31.67</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	61.62	NIL	NIL	61.62
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>61.62</b>	<b>NIL</b>	<b>NIL</b>	<b>61.62</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A - Remuneration to Managing Director, Whole Time Directors and/or Manager**

(Rs. in Lakhs)			
Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount
		<b>Mr. Rajive Kumaraswami</b> [MD & CEO]	
1	Gross salary -		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	110.13	110.13
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	2.40	2.40
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	94.30	94.30

2	Stock Option	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.
4	Commission - as % of profit - others, specify...	N.A.	N.A.
5	Others, please specify (PF, Gratuity, Exgratia etc.)	17.05	17.05
	<b>Total (A)</b>	<b>223.88</b>	<b>223.88</b>
	Ceiling as per the Act	In terms of the provisions of Section 34A of the Insurance Act, 1938, the provisions relating to ceiling on managerial remuneration as prescribed under the Companies Act, 2013 shall not apply to any matter in respect of which the approval of IRDAI has been obtained. The appointment and remuneration of the Managing Director and CEO was approved by IRDAI.	

## B – Remuneration to other Directors

### 1. Independent Directors

(Rs. in Lakhs)

Sl. No.	Particular of Remuneration	Name of Directors				Total Amount
		Sunil Mitra	K. N. Bhandari	V. K. Viswanathan	Suvalaxmi Chakraborty	
	Fee for attending board / committee meetings	17.50	22.70	21.50	10.20	71.90
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (B)(1)</b>	<b>17.50</b>	<b>22.70</b>	<b>21.50</b>	<b>10.20</b>	<b>71.90</b>

### 2. Other Non-Executive Directors:

(Rs. in Lakhs)

Sl. No.	Particular of Remuneration	Name of Directors			Total Amount
		Sanjay Chamria	Mayank Poddar	Jens Holger Wohlthat	
	Fee for attending board / committee meetings	N.A.	N.A.	N.A.	N.A.
	Commission	N.A.	N.A.	N.A.	N.A.
	Others, please specify	N.A.	N.A.	N.A.	N.A.

<b>Total (B)(2)</b>	<b>N.A.</b>
---------------------	-------------

<b>Total (B)= (B)(1)+ (B)(2)</b>	<b>71.90</b>
<b>Total Managerial Remuneration</b>	<b>223.88</b>
<b>Overall Ceiling as per the Act</b>	N.A. (since the Company does not pay any commission to Non-Executive Directors)

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

(Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Gaurav Parasrampuria [Chief Financial Officer]	Ms. Kavita Modi [Company Secretary]	
<b>1</b>	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	47.74	7.69	55.43
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	0.08	0.08
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	45.65	6.12	51.77
<b>2</b>	Stock Option	N.A.	N.A.	N.A.
<b>3</b>	Sweat Equity	N.A.	N.A.	N.A.
<b>4</b>	Commission			
	- as % of profit	N.A.	N.A.	N.A.
	- others, specify...	N.A.	N.A.	N.A.
<b>5</b>	Others, please specify (PF, Gratuity etc.)	6.59	1.11	7.70
	<b>Total (C)</b>	<b>99.98</b>	<b>15.01</b>	<b>114.99</b>




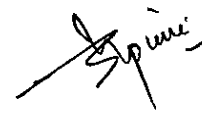
**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any
<b>A. Company</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
<b>B. Directors</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
<b>C. Other Officers in default</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.

On behalf of the Board of Directors

Place: Mumbai  
Dated: 2 May, 2019

  
Sanjay Chamria  
Chairman  
DIN 00009894





## **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 and is in accordance with the Corporate Governance Guidelines prescribed for insurance companies by the IRDAI. 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.

The composition of the Board of Directors as on 31 March 2019 is as follows:

Sl. No.	Name of the Director	DIN	Qualification	Field of Specialization	Category	Number of other Directorship
1	Mr. Sanjay Chamria (Chairman)	00009894	B.Com (H), FCA	Finance	Promoter, Non-executive Director	8
2	Mr. Jens Holger Wohlthat (Vice Chairman)	05245642	Versicherungsfachwirt (nearest to ACII in India)	Insurance	Promoter, Non-executive Director	1
3	Mr. Mayank Poddar	00009409	B.Com	Finance	Promoter, Non-executive Director	8

Sl. No.	Name of the Director	DIN	Qualification	Field of Specialization	Category	Number of other Directorship
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	9
6	Mr. V. K. Viswanathan	01782934	B.Com, FCA	Finance & Industry	Independent, Non-executive Director	8
7.	Mr. Rajive Kumaraswami {Managing Director & Chief Executive Officer (MD&CEO)}	07501971	B.Com, FCA, ACMA	Insurance	Professional, Executive Director	0
8.	Ms. Suvalaxmi Chakraborty	00106054	B.com (H), ACA	Finance	Independent, Non-Executive Director	6

### 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 financial year 2018-19, the Board of Directors met seven (7) times on 17 April 2018, 1 May 2018, 27 July 2018, 26 October 2018, 26 November 2018, 18 January 2019 and 16 March 2019. The maximum time in between two meetings was not more than 120 days and the required information were made available to the Board. Following table sets out the details of attendance of Directors at the Board Meetings.

Sl. No.	Name of the Director	Meetings Attended/Meetings Held
1	Mr. Sanjay Chamria (Chairman)	7/7
2	Mr. Jens Holger Wohlthat	7/7
3	Mr. Mayank Poddar	7/7
4	Mr. Kailash Nath Bhandari	7/7
5	Mr. Sunil Mitra	7/7
6	Mr. V. K. Viswanathan	7/7
7	Ms. Suvalaxmi Chakraborty	6/7
8	Mr. Rajive Kumaraswami	7/7

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. Video/tele-conferencing facilities are provided, if required, to facilitate Directors present at other locations, to participate in the meetings. All the rules and regulations relating to conduct of meeting through video conferencing were duly complied with.

Mr. Sanjay Chamria, Director jointly with Celica Developers Private Limited holds 222 Equity shares in the Company as on 31 March 2019. None of the other directors, Key Managerial Personnel or their relatives hold any Equity shares in the Company.

### Remuneration of Directors

The Independent Directors are paid sitting fee 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 2019 are given below:

(Amount in Rs.)

Sl. No.	Name of the Director	Salary & Perquisites*	Sitting Fees	Total
1	Mr. Sanjay Chamria	-	-	-
2	Mr. Jens Holger Wohlthat	-	-	-
3	Mr. Rajive Kumaraswami	22,388,470	-	22,388,470
4	Mr. Mayank Poddar	-	-	-
5	Mr. Kailash Nath Bhandari	-	22,70,000	22,70,000
6	Mr. Sunil Mitra	-	17,50,000	17,50,000
7	Mr. V. K. Viswanathan	-	21,50,000	21,50,000
8	Ms. Suvalaxmi Chakraborty	-	10,20,000	10,20,000

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

### 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 is 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
  8. Approve the appointment, removal and terms of remuneration of Chief Internal Auditor and reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing, and seniority of the official heading the department, reporting structure coverage and frequency, scope, functioning and methodology of internal audit;
  9. Discussion with Internal Auditors and the Management of any significant findings, status of previous audit recommendations and follow up there on;
  10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  12. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non- payment of declared dividends) and creditors;
  13. Review the functioning of the Whistle Blower/vigil mechanism;
  14. Review Management letters/letters of internal control weakness issued by the Statutory Auditors;
  15. Review the Internal Audit Report relating to internal control weakness;
  16. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
  17. Approve and recommend to the Board the transactions of the Company with Related Parties or any subsequent modification thereof.
  18. Scrutinise inter-corporate loans and investments;
  19. Valuation of undertakings or assets of the company, wherever it is necessary;
  20. Evaluation of internal financial controls and risk management systems;
  21. Investigate into any matter in relation to the items within the purview of the Terms of Reference of the Audit Committee of Board (ACB) or referred to it by the Board or auditor of the Company and for this purpose, shall have full access to information contained in the books, records, facilities, personnel of the Company and the External professional consultants and their advice, if necessary
  22. Recommend on any matter relating to financial management
  23. Comply with the going concern assumptions.
  24. Compliance with accounting standards.
  25. Appoint registered valuers.
  26. Provide oversight and review, at least annually, of the Company's risk management policies, including its investment policies.
  27. Review the Company's compliance with employee benefit plans.

28. Oversee and review the Company's policies regarding Information technology and management information systems.
29. Review, approve and monitor the code of ethics that the Company plans for its senior financial officers/ Directors.
30. Invite any Director/Official to attend the meeting(s).
31. Any other matter as delegated by the Board of Directors of the Company from time to time.
32. Secure the attendance of outsiders with relevant expertise as also to seek information from any employee, for the purpose of fulfilling the Terms of Reference.
33. Oversee compliance with the requirements of the IRDAI, as the case may be, for disclosure of auditor's services and audit committee members, member's qualifications and activities.

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. V. K. Viswanathan, an Independent Director, is the Chairman of the Committee. Mr. Sunil Mitra, 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. V. K. Viswanathan, Chairman of the Committee is a Fellow Chartered Accountant (FCA) with strong financial analysis background, as required under Corporate Governance Guidelines issued by IRDAI.

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

The Audit Committee met five (5) times during the year on 1 May 2018, 27 July 2018, 26 October 2018, 26 November 2018 and 18 January 2019. Following table sets out the particulars of attendance of members of the Committee at various meetings:

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
1	Mr. V. K. Viswanathan (Chairman)	Independent, Non-executive Director	5/5
2	Mr. Sanjay Chamria	Promoter, Non-executive Director	5/5
3	Mr. Sunil Mitra	Independent, Non-executive Director	5/5
4	Mr. Kailash Nath Bhandari	Independent, Non-executive Director	5/5

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
5	Mr. Jens Holger Wohlthat	Promoter, Non-executive Director	5/5

## 2. Investment Committee

The Investment Committee 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. Make loans & investments as per Companies Act
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 ALM 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. Use the due diligence and should 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 and Ms. Suvalaxmi Chakraborty being the other Directors members thereof. Mr. Gaurav Parasrampurua, Chief Financial Officer (CFO), Mr. Jinesh Shah, Chief Investment Officer and Mr. Amit Bhandari, Chief Technical Officer & Chief Risk Officer are also other members of the Investment Committee.

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

The Investment Committee met four (4) times during the year on 1 May 2018, 27 July 2018, 26 October 2018, and 18 January 2019 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:

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
1	Mr. Kailash Nath Bhandari (Chairman)	Independent, Non-executive Director	4/4
2	Mr. Sanjay Chamria	Promoter, Non-executive Director	4/4
3	Mr. Jens Holger Wohlthat	Promoter, Non-executive Director	4/4
4	Ms. Suvalaxmi Chakraborty	Independent, Non-executive Director	3/4
5	Mr. Rajive Kumaraswami	Managing Director & Chief Executive Officer	4/4
6	Mr. Gaurav Parasrampuria	Chief Financial Officer	4/4
7	Mr. Amit Bhandari	Chief Technical Officer & Chief Risk Officer	4/4
8	Mr. Jinesh Shah	Chief Investment Officer	4/4

### 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. Adopt standard operating procedures to treat the customer fairly including time-frames for policy and claims servicing parameters and monitoring implementation thereof.
2. Establish effective mechanism to address complaints and grievances of policyholders including mis-selling by intermediaries.
3. 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.
4. 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.
5. Review the measures and take steps to reduce customer complaints at periodic intervals.

6. Ensure compliance with the statutory requirements as laid down in the regulatory framework.
7. 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.
8. Provide details of grievances at periodic intervals in such formats as may be prescribed by the Authority.
9. Ensure that details of insurance ombudsmen are provided to the policyholders.
10. Review of Claims Report, including status of Outstanding Claims with ageing of outstanding claims.
11. Reviewing Repudiated claims with analysis of reasons.
12. Status of settlement of other customer benefit payouts like Surrenders, Loan, Partial withdrawal requests etc.
13. Review of unclaimed amounts of Policyholders, as required under the Circulars and guidelines issued by the Authority.

**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 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.

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

The Committee met four (4) times during the year on 1 May 2018, 27 July 2018, 26 October 2018, and 18 January 2019. Following table sets out the particulars of attendance of members of the Policyholders' Protection Committee at the said meetings:

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
1	Mr. Kailash Nath Bhandari (Chairman)	Independent, Non-executive Director	4/4
2	Mr. Sunil Mitra	Independent, Non-executive Director	4/4
3	Mr. V. K. Viswanathan	Independent, Non-executive Director	4/4
4	Mr. Rajive Kumaraswami	Managing Director & Chief Executive Officer	4/4

#### **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, issued by the Authority.

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

14. Formulating and implementing optimal ALM strategies and meeting risk-reward objectives at both product and enterprise level.
15. 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.

16. 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.
17. Regular review and monitoring of mismatch between assets and liabilities and the acceptable tolerance limits for mismatch, if any.
18. Ensuring that management and valuation of all assets and liabilities comply with standards, prevailing legislation and internal and external reporting requirements.
19. Submitting the ALM information before the Board at periodic intervals. Annual review of strategic asset allocation.
20. Reviewing key methodologies and assumptions including actuarial assumptions, used to value assets and liabilities.
21. Managing capital requirements at the company level using the regulatory solvency requirements.
22. 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 Ms. Suvalaxmi Chakraborty, Independent Director and Mr. Rajive Kumaraswami, MD & CEO being the other Directors members thereof.

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

The Risk Management Committee met four (4) times during the year on 1 May 2018, 27 July 2018, 26 October 2018, and 18 January 2019. Following table sets out the particulars of attendance of members of the Risk Management Committee at the said meetings:

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
1	Mr. Jens Holger Wohlthat (Chairman)	Promoter, Non-executive Director	4/4
2	Mr. Sanjay Chamria	Promoter, Non-executive Director	4/4
3	Mr. V. K. Viswanathan	Independent Director	4/4
4	Mr. Kailash Nath Bhandari	Independent Director	4/4
5	Mr. Rajive Kumaraswami	Managing Director & Chief Executive Officer	4/4
6	Ms. Suvalaxmi Chakraborty	Independent Director	3/4

## **5. Nomination & Remuneration Committee**

The Nomination & Remuneration Committee (NRC) is constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.

### **a. 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 Managing Director)
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.
  13. 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.

**b. Composition**

The Committee comprises of Mr. Sunil Mitra, Mr. V. K. Viswanathan and Mr. Kailash Nath Bhandari Non-Executive & Independent Directors and Mr. Sanjay Chamria, Mr. Jens Holger Wohthat and Mr. Mayank Poddar, Non-Executive Directors. The Committee is chaired by Mr. Sunil Mitra, an Independent Director.

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

The NRC met four (4) times during the year on 17 April, 2018, 1 May 2018, 27 July 2018 and 18 January 2019. Following table sets out the particulars of attendance of members of the Committee at various meetings:

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
1	Mr. Sunil Mitra (Chairman)	Independent, Non-executive Director	4/4
2	Mr. V. K. Viswanathan	Independent, Non-executive Director	4/4
3	Mr. Sanjay Chamria	Promoter, Non - Executive Director	4/4
4	Mr. Jens Holger Wohthat	Promoter, Non - Executive Director	4/4
5	Mr. K.N. Bhandari	Independent, Non-executive Director	4/4
6	Mr. Mayank Poddar	Promoter, Non - Executive Director	4/4

**6. Corporate Social Responsibility Committee**

During the financial year 2017-18, 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. Identifying the CSR activities and the geographic distribution of CSR
3. Identifying structure for CSR implementation
4. Execution, implementation, monitoring and reporting of CSR activities
5. 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**

As per the erstwhile provisions of the Companies Act, 2013, the companies were allowed to deduct the excess of expenditure over income which has arisen on or after the commencement of the Act (2014). However, the Ministry by virtue of the Companies (Amendment) Act, 2017 on 19 September, 2018 has allowed to deduct the accumulated losses which have arisen even before 2014.

It may be noted that the Company had total accumulated losses of Rs. 27.54 crores as on 31 March 2018 and after setting off the same from profits on the basis of above change in the provisions of the Companies Act, CSR is no more applicable to your Company for FY 18-19.

According to the above, during FY 2018-19 no CSR meeting was held.

### **7. Management Committee**

#### **a. Terms of Reference**

The Management Committee is authorized by the Board to do all such acts, deeds and things and decide on all such matters as may be delegated to the Committee from time to time. Such authorizations inter-alia includes to decide on administrative and taxation matters from time to time, acceptance of credit facilities from banks, opening and closing of current/cash credit account and inclusion and deletion of the authorized signatories to the said current/ cash credit account opened in the name 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

The Management Committee met nine (9) times during the year on 17 April, 2018, 5 June, 2018, 21 June, 2018, 24 August, 2018, 1 December, 2018, 20 December, 2018, 31 December, 2018, 31 January, 2019 and 28 March, 2019. Following table sets out the particulars of attendance of members of the Committee at various meetings:

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
1	Mr. Sanjay Chamria (Chairman)	Promoter, Non - Executive Director	8/9
2	Mr. Mayank Poddar	Promoter, Non - Executive Director	2/9
3	Mr. Rajive Kumaraswami	Managing Director & Chief Executive Officer	9/9

## 8. Separate Meeting of Independent Directors'

During the financial year 2018-19, a separate meeting of Independent Directors (IDs) was held on 17 January 2019 in terms of Schedule IV of the Companies Act, 2013 and IRDAI Corporate Governance Guidelines, without the presence of Non-Independent Directors and members of the management. At this Meeting, the IDs 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.

## Vigil Mechanism/ Whistle Blower Policy

Section 177 of Companies Act, 2013 read with rules made thereunder and IRDAI Corporate Governance Guidelines requires your Company to establish a vigil mechanism/whistle blower policy. Instead of having separate policy on vigil mechanism, your Company has adopted the



'Breach of Integrity and Whistle Blower Policy' of Magma Group which shall be also applicable for the Company. The details of the said Policy are explained in the Board's Report.

#### Key Management Persons (KMPs)

During the financial year 2018-19, Mr. Shivendra Tripathi has joined the core management team of the Company as Appointed Actuary of the Company w.e.f. 1 March, 2019. The appointment of the said KMP was made with the approval of Board of Directors on recommendation of the NRC of the Company and IRDAI approval has also been taken for the appointment of Appointed Actuary.


#### Compliance Officer

Ms. Kavita Modi, Company Secretary of the Company is acting as Compliance Officer to monitor and ensure compliance of the IRDAI Corporate Governance Guidelines.

On behalf of the Board of Directors

Date: 2 May, 2019  
Place: Mumbai

  
Sanjay Chamria  
Chairman  
(DIN 00009894)



KM

**CERTIFICATION FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES**

I, Kavita Modi, 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: 2 May, 2019

Place: Mumbai

*Kavita Modi*

**Kavita Modi**

**Company Secretary**

**Membership No.: A21108**

## MANAGEMENT REPORT

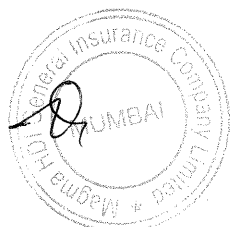
In accordance with the provisions of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002 (the Regulation), the Management submits the following Report for the year ended 31 March, 2019:

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 dues payable to the statutory authorities have been duly paid.
3. We confirm that the shareholding pattern and transfer of shares 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 2019 stands at 1.58 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', 'Cash and Bank Balances', 'Interest accrued on investments', 'Due from other insurance companies, including reinsurers (net)', and the several items specified under 'Other accounts'.
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. The Investment Policy is reviewed at least half-yearly to take care of the latest developments including regulatory changes.

8. The Company does not have operations outside India.



9. Ageing analysis of claims outstanding and average claims settlement time is given hereunder:-

**Ageing of Claims outstanding**

(Rs in Lakhs)

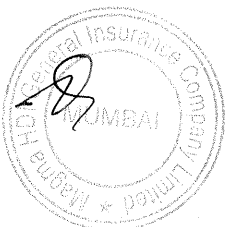
Financial Year 2018-19	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
Upto 30 days	45	343.23	30	91.75	1503	2,484.51
31 days to 6 months	97	432.86	24	175.75	1039	1,613.56
6 months to 1 year	19	168.54	12	280.72	86	361.78
1 year to 5 years	26	2,697.26	17	436.37	306	1,489.34
5 years and above	-	-	-	-	-	-
<b>Total</b>	<b>187</b>	<b>3641.89</b>	<b>83</b>	<b>984.59</b>	<b>2934</b>	<b>5,949.19</b>

(Rs in Lakhs)

Financial Year 2017-18	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
Upto 30 days	9	227.83	23	72.75	476	528.28
31 days to 6 months	19	3,355.01	71	241.66	557	1,539.46
6 months to 1 year	23	1,155.00	28	325.10	137	457.15
1 year to 5 years	13	878.23	18	296.18	205	665.07
5 years and above	-	-	-	-	-	-
<b>Total</b>	<b>64</b>	<b>5,616.08</b>	<b>140</b>	<b>935.69</b>	<b>1375</b>	<b>3,189.96</b>

(Rs in Lakhs)

Financial Year 2016-17	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
Upto 30 days	6	40.03	34	109.52	708	1,179.12
31 days to 6 months	14	615.51	98	477.18	429	858.87
6 months to 1 year	13	139.31	28	193.02	113	390.09
1 year to 5 years	8	120.99	8	223.35	47	336.08
5 years and above	-	-	-	-	0	0
<b>Total</b>	<b>41</b>	<b>915.84</b>	<b>168</b>	<b>1,003.07</b>	<b>1297</b>	<b>2,764.16</b>



(Rs in Lakhs)

Financial Year	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
2015-16						
Upto 30 days	17	673.07	19	22.13	727	625.47
31 days to 6 months	12	302.95	56	351.68	802	1,903.17
6 months to 1 year	17	268.61	16	111.44	259	1,174.20
1 year to 5 years	3	63.49	13	292.37	105	876.94
5 years and above	-	-	-	-	-	-
<b>Total</b>	<b>49</b>	<b>1,308.12</b>	<b>104</b>	<b>777.62</b>	<b>1893</b>	<b>4,579.78</b>

(Rs in Lakhs)

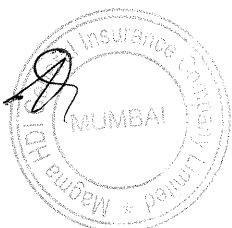
Financial Year	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
2014-15						
Upto 30 days	2	567.50	10	56.97	809	791.84
31 days to 6 months	13	81.73	49	290.99	753	1,818.97
6 months to 1 year	11	1,444.15	37	292.38	99	790.98
1 year to 5 years	1	1.10	1	1.15	-	-
5 years and above	-	-	-	-	-	-
<b>Total</b>	<b>27</b>	<b>2,094.48</b>	<b>97</b>	<b>641.49</b>	<b>1661</b>	<b>3,401.79</b>

**Average Claims Settlement time**

Class of Business	Trend in average claim settlement time for various segments									
	FY 2018-19		FY 2017-18		FY 2016-17		FY 2015-16		FY 2014-15	
	No. of claims	Average settlement time (Days)	No. of claims	Average settlement time (Days)	No. of claims	Average settlement time (Days)	No. of claims	Average settlement time (Days)	No. of claims	Average settlement time (Days)
Fire	1967	14	740	19	131	156	116	129	28	113
Marine Cargo	1380	35	1,697	31	2075	29	1,081	54	963	41
Miscellaneous	37639	40	22,053	31	21,697	38	31,416	31	25,149	28
<b>Grand Total</b>	<b>40986</b>	<b>39</b>	<b>24490</b>	<b>30</b>	<b>23903</b>	<b>38</b>	<b>32613</b>	<b>32</b>	<b>26140</b>	<b>29</b>

**Note:** The above ageing does not include Motor Third Party claims which have to be settled through MACT and other judicial bodies.

10. We certify that the values, as shown in the Balance Sheet, of the investments which consists of fixed income securities, and mutual fund units have been valued as per accounting policies prescribed by IRDAI. For fixed income securities, the market value is based on procedure issued by Fixed Income Money Market Derivatives Association of India (FIMMDA). The investments in the Mutual Funds are valued at Net Asset Values (NAV) of these Mutual Funds as on the Balance Sheet date.



11. The Company has adopted a prudent investment policy with emphasis on optimizing return with minimum risk. Emphasis was towards low risk investments such as Government securities and other rated debt instruments. Investments are managed in consonance with the investment policy laid down by the board from time to time and are within the investment regulation and guidelines of IRDAI. The Company has carried out periodic review of the investment portfolio. There are no non-performing assets as at the end of the financial year.

The Company's investment in "9.50% ILFS NCD 28-07-2024" (Secured NCDs) of Infrastructure Leasing & Financial Services Limited amounting to Rs. 1,032 lakhs has been downgraded by the rating agencies, ICRA and CARE to junk grade 'D' in September 2018 after the investee company defaulted on its liability repayments. The management of the Company has identified the same as a Loss Asset. The full value of the Investment has been written off during the year.

12. The Management of Magma HDI General Insurance Company Limited certifies that:
- In the preparation of financial statements, the applicable accounting standards and principles and policies have been followed along with proper explanation relating to material departures, if any.
  - Details of payments during the financial year to individuals, firms, companies and organisations in which directors are interested excluding reimbursement.

Sr. No.	Name of Director	Entity in which Director is interested	Interested as	Amount (Rs. in lakhs)	Nature of Payments
1	Sanjay Chamria	Magma Fincorp Limited	Vice Chairman & MD	1,466.63	Corporate Agent Commission
				10.42	Claim Payment
2	Jens Holger Wohlthat	HDI Global Network AG	Chairman	2,663.75	Payment for reinsurance ceded
3	Jens Holger Wohlthat	HDI Global SE	Director	3.43	Payment for reinsurance ceded
4	Mayank Poddar	CLP Business LLP	Partner	15.76	Rent Payment

- 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 profit or loss and of the profit or loss of the Company for the financial year.

During the year, the Company has changed the method of allocation of Investment income between Policyholder and Shareholder from "average policyholders funds and average shareholders funds to "average policyholders investment assets and average shareholders investment assets".

As a result of above, the operating profit before tax for the year is higher by Rs. 537.86 lakhs.

During the year, the Company has changed the treatment of Share issue expenses, earlier it was charged to Profit and Loss account which is now being adjusted against Share Premium Account. Since, share application money is pending allotment, the corresponding adjustment with share premium would be done at the time of allotment.

As a result of above, the profit before tax for the year is higher by Rs 111.34 lakhs.

- The management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938, (4 of 1938) / Companies Act, 2013, (1 of 2013), for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

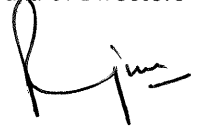


- e) The management has prepared the financial statements on a going concern basis.
- f) The management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.



**Sanjay Chamria**  
Chairman

For and on behalf of the Board of Directors



**Rajive Kumaraswami**  
Managing Director & Chief Executive Officer



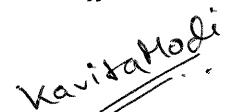
**Kailash Nath Bhandari**  
Director



**Gaurav Parasrampur**  
Chief Financial Officer



**Sunil Mitra**  
Director



**Kavita Modi**  
Company Secretary

Place: Mumbai

Date: 2 May, 2019

Haribhakti & Co. LLP  
Chartered Accountants  
705, Leela Business Park  
Andheri Kurla Road,  
Andheri (E),  
Mumbai - 400 059

MSKA & Associates  
Chartered Accountants  
Floor 3, Enterprise Centre,  
Nehru Road, Near Domestic Airport,  
Vile Parle East  
Mumbai - 400 099

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAGMA HDI GENERAL INSURANCE COMPANY LIMITED

### Report on Audit of the Financial Statements

#### Opinion

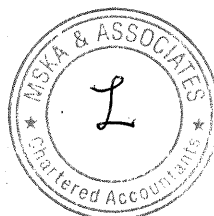
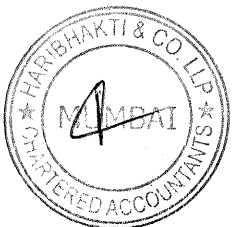
We have audited the accompanying financial statements of **Magma HDI General Insurance Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account for the year then ended, and notes to 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 March 31, 2019;
- ii. in the case of the Revenue Accounts, of the net surplus/(deficit) for the year ended on that date;
- iii. in the case of the Profit and Loss Account, of the profit 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 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 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ("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.





### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is Director's Report.

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 auditor's 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. 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.

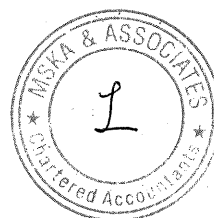
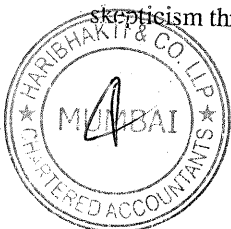
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

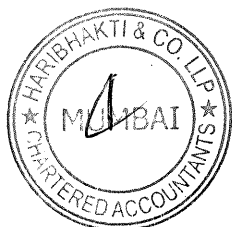
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

#### **Other Matters**

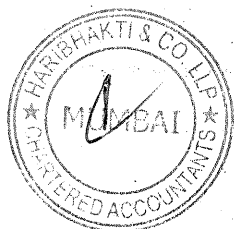
Pursuant to IRDAI (Appointed Actuary) Regulations 2017, the actuarial valuation of liabilities in respect of claims Incurred But Not Reported ("IBNR"), claims Incurred But Not Enough Reported ("IBNER") and Premium Deficiency Reserve ("PDR") as at March 31, 2019, has been duly certified by the Appointed Actuary and the Mentor to the Appointed 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 and the Mentor to the Appointed Actuary while forming our opinion on the financial statements of the Company.

Our opinion is not modified in respect of above matter.



### Report on Other Legal and Regulatory Requirements

1. As required by the IRDA Financial Statements Regulations, we have issued a separate certificate dated May 02, 2019 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDA Financial Statements Regulations.
2. 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 Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account 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. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act read with Section 34A of the Insurance Act, 1938;
  - i. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - j. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
  - k. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 1 of Schedule 17 to the financial statements;

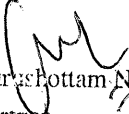


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**MSKA & Associates**  
Chartered Accountants

- 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 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.

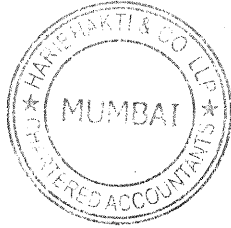
**For Haribhakti & Co. LLP**  
Chartered Accountants  
Firm Registration No.  
103523W/W100048

  
Purushottam Nyati  
Partner


Membership No. 118970

Place: Mumbai

Date: May 02, 2019



**For MSKA & Associates**  
Chartered Accountants  
Firm Registration No. 105047W

  
Swapnil Kale  
Partner

Membership No. 117812

Place: Mumbai

Date: May 02, 2019



**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

(Referred to in paragraph 2(j) under 'Report on Other Legal and Regulatory Requirements' of the Independent Auditor's Report of even date to the members of Magma HDI General Insurance Company Limited on the financial statements for the year ended March 31, 2019)

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

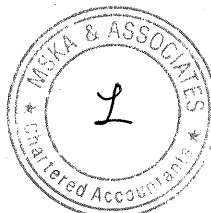
1. We have audited the internal financial controls with reference to financial statements of **Magma HDI General Insurance Company Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control 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 judgement, 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**

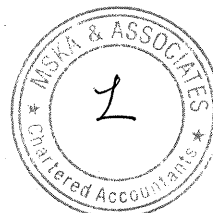
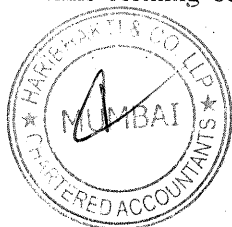
7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation 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.

#### **Opinion**

8. In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March, 31, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

#### **Other Matters**

9. 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 March 31, 2019, has been duly certified by the Appointed Actuary and Mentor to the Appointed 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. We have relied upon the aforesaid certificate while forming our opinion on the financial statements of the Company as mentioned in Other Matter



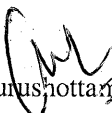
**Haribhakti & Co. LLP**  
Chartered Accountants

**MSKA & Associates**  
Chartered Accountants

paragraph in our Audit Report on the financial statements for the year ended March 31, 2019. 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 Haribhakti & Co. LLP**  
Chartered Accountants  
Firm Registration No.  
103523W/W1C0048

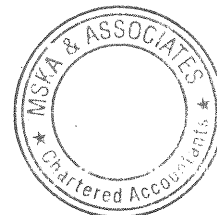


  
Punishottam Nyati  
Partner  
Membership No. 118970

Place: Mumbai  
Date: May 02, 2019

**For MSKA & Associates**  
Chartered Accountants  
Firm Registration No. 105047W

  
Swapnil Kale  
Partner  
Membership No. 117812



Place: Mumbai  
Date: May 02, 2019

Haribhakti & Co. LLP  
Chartered Accountants  
705, Leela Business Park  
Andheri Kurla Road,  
Andheri(E),  
Mumbai – 400 059

MSKA & Associates  
Chartered Accountants  
Floor 3, Enterprise Centre,  
Nehru Road, Near Domestic Airport,  
Vile Parle (E),  
Mumbai – 400 099.

### Independent Auditors' Certificate

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

(Referred to in paragraph 1 of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditors' Report dated May 02, 2019)

We have been requested by the Company having registered office at Development House, 24 Park Street, Kolkata 700016, to issue a certificate in accordance with the terms of engagement letters dated August 13, 2018.

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") read with Regulation 3 of the IRDA Financial Statements Regulations.

#### Management's Responsibility

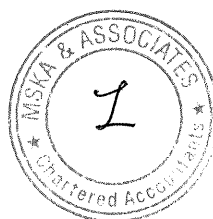
The Management is responsible for ensuring that the Company complies with the requirements of The Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the IRDA Financial Statements Regulations, orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI"). This includes collecting, collating, validating data, designing, implementing and monitoring of internal controls necessary for ensuring compliance with the Provisions of Paragraph 3 & 4 of Schedule C of the IRDA Financial Statements Regulations and provide all relevant information to IRDAI.

#### Auditor's 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 of the IRDA Financial Statements Regulations.

The following documents have been furnished by the Company:

- a) Management Report for the year ended March 31, 2019
- 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 March 31, 2019
- d) Holding Statement as at March 31, 2019 issued by the Company's custodial 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 March 31, 2019;
- b) Verified the cash balances, to the extent considered necessary and securities relating to Company's loans and investments as at March 31, 2019, 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;
- 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 March 31, 2019, on which we issued an unmodified audit opinion vide our reports dated May 02, 2019. Our audits 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. 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.

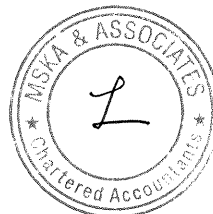
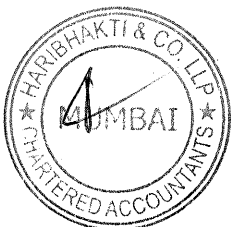
We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the 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 March 31, 2019, and on the basis of our review, there is no apparent mistake or material inconsistency 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 verified the cash balances, to the extent considered necessary and securities relating to Company's loans and investments as at March 31, 2019, by actual inspection and on the basis of



**Haribhakti & Co. LLP**  
**Chartered Accountants**

**MSKA And Associates**  
**Chartered Accountants**

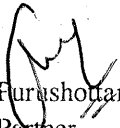
certificates/confirmations received from the third parties/Custodians and/Depository Participants appointed by the Company, as the case may be;

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. 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 Haribhakti & Co. LLP**  
Chartered Accountants  
Firm Registration No.  
103523W/W100048


  
Furushottam Nyati  
Partner

Membership No. 118970  
UDIN: 19118970AAAAAR9014

Place: Mumbai  
Date: May 02, 2019

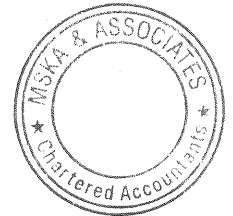


**For MSKA & Associates**  
Chartered Accountants  
Firm Registration No. 105047W

  
Swapnil Kale  
Partner

Membership No. 117812  
UDIN: 19117812AAAABR3552

Place: Mumbai  
Date: May 02, 2019



MAGMA HDI GENERAL INSURANCE COMPANY LIMITED  
IRDAI Registration No. 149 dated 22 May, 2012

## BALANCE SHEET AS AT 31 MARCH 2019

(Rs in '000)

Particulars	Schedule	As at 31 Mar 2019	As at 31 Mar 2019	As at 31 Mar 2018	As at 31 Mar 2018
<b>SOURCES OF FUNDS</b>					
Share capital	5		1,250,000		1,125,000
Share Application Money Pending Allotment			750,000		-
Reserves and surplus	6		1,830,000		1,455,000
Fair value change account - Shareholders			14		273
Fair value change account - Policyholders			119		1,392
Borrowings	7		6,162		2,995
<b>TOTAL</b>			<b>3,836,295</b>		<b>2,584,660</b>
<b>APPLICATION OF FUNDS</b>					
<b>Investments</b>					
Investments - Shareholders	8	1,531,785		1,866,030	
Investments - Policyholders	8A	13,091,066		9,505,153	
<b>Total investments</b>			<b>14,622,851</b>		<b>11,371,183</b>
Loans	9		59,840		-
Fixed assets	10		269,860		170,362
Deferred tax asset (Refer Note 17.31)			282,856		99,482
<b>Current Assets</b>					
Cash and bank balances	11	1,142,240		261,829	
Advances and other assets	12	1,846,376		822,087	
<b>Sub-Total (A)</b>		<b>2,988,616</b>		<b>1,083,916</b>	
<b>Current liabilities</b>					
Current liabilities	13	11,120,140		8,231,978	
Provisions	14	3,528,637		2,183,698	
<b>Sub-Total (B)</b>		<b>14,648,777</b>		<b>10,415,676</b>	
<b>Net Current Assets (C) = (A - B)</b>			<b>(11,660,161)</b>		<b>(9,331,760)</b>
Miscellaneous expenditure (to the extent not written off or adjusted)	15		-		-
Debit Balance in Profit and Loss Account			261,049		275,393
<b>TOTAL</b>			<b>3,836,295</b>		<b>2,584,660</b>

Significant Accounting Policies

16

Notes to Financial Statement

17

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

For and on behalf of the Board of Directors



Sanjay Chamria  
Chairman  
DIN No. - 00009894



Rajive Kumaraswami  
Managing Director &  
Chief Executive Officer  
DIN No. - 07501971

As per our Report of even date attached.

For Haribhakti &amp; Co. LLP

Chartered Accountants

Firm Regn. No. 103523W/W100048

For MSKA &amp; Associates

Chartered Accountants

Firm Regn. No. 105047W



Kailash Nath Bhandari  
Director  
DIN No. - 00026078

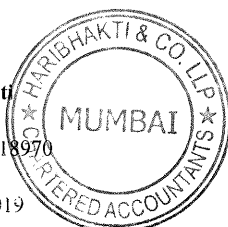
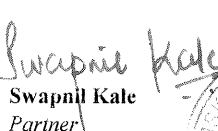


Gaurav Parasarapuria  
Chief Financial Officer



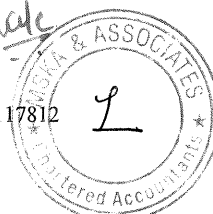
Purushottam Nyati  
Partner

Membership No. 118970

Swapnil Kale  
Partner

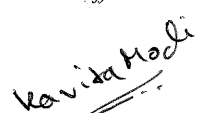
Membership No. 117812




Sunil Mitra  
Director

DIN No. - 00113473

15



Kavita Modi  
Company Secretary  
Membership No. - A21108

Mumbai, 2 May 2019

FORM B-PL

MAGMA HDI GENERAL INSURANCE COMPANY LIMITED  
IRDAI Registration No. 149 dated 22 May, 2012

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

(Rs in '000)

Particulars	Schedule	Year ended 31 Mar 2019	Year ended 31 Mar 2018
<b>OPERATING PROFIT/(LOSS)</b>			
(a) Fire insurance		(198,731)	(161,892)
(b) Marine insurance		(51,442)	(37,016)
(c) Miscellaneous insurance		162,638	85,746
<b>INCOME FROM INVESTMENTS</b>			
(a) Interest, dividend and rent (Gross)		130,742	176,531
(b) Profit on sale / redemption of investments		12,097	13,499
(c) (Loss) on sale / redemption of investments		-	-
<b>OTHER INCOME</b>			
Other income			
(a) Profit on sale / discard of fixed assets		-	-
<b>TOTAL (A)</b>		<b>55,304</b>	<b>76,868</b>
<b>PROVISIONS (Other than taxation)</b>			
(a) For diminution in the value of investments		-	-
(b) For doubtful debts		947	-
(c) Others		240	-
<b>OTHER EXPENSES</b>			
(a) Expenses other than those related to insurance business			
- Employees' remuneration and welfare benefits (Refer Note 17.17a)		7,388	14,203
- Corporate Social Responsibility Expenses		-	560
(b) Operating Expenses borne by Shareholders (Refer Note 17.20)		8,992	-
(c) Investment Expenses (Refer Note 17.12)		1,456	1,458
(d) Loss on sale / discard of fixed assets		1,914	-
(e) Director Fees		7,190	-
(f) Others			
- Investments Write off		103,222	-
- Fees paid for increase in Authorised Share Capital		6,000	-
(g) Penalties (Refer Note 17.36)		-	-
<b>TOTAL (B)</b>		<b>137,349</b>	<b>16,221</b>
<b>Profit / (Loss) before tax</b>		<b>(82,045)</b>	<b>60,647</b>
<b>Provision for taxation</b>			
(a) Current tax / MAT		106,642	11,689
(b) Deferred tax expense / (income)		(183,374)	-
(c) Tax adjustment of earlier years		-	(110)
(e) MAT Credit adjustment of earlier years		(19,657)	-
<b>Profit / (Loss) after tax</b>		<b>14,344</b>	<b>49,068</b>
<b>APPROPRIATIONS</b>			
(a) Interim dividends paid during the period		-	-
(b) Proposed final dividend		-	-
(c) Dividend distribution tax		-	-
(d) Transfer to any reserve or other account		-	-
Balance of profit/ (loss) brought forward from last year		(275,393)	(324,461)
<b>Balance carried forward to Balance Sheet</b>		<b>(261,049)</b>	<b>(275,393)</b>
<b>Basic Earnings Per Share of face value of Rs.10/- (Refer Note 17.23)</b>		<b>0.12</b>	<b>0.44</b>
<b>Diluted Earnings Per Share of face value of Rs.10/- (Refer Note 17.23)</b>		<b>0.12</b>	<b>0.44</b>

Significant Accounting Policies  
Notes to Financial Statement

16  
17

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

*(Signature)*

Sanjay Chamria  
Chairman  
DIN No. - 00009894

Rajive Kumaraswami  
Managing Director &  
Chief Executive Officer  
DIN No. - 07561971

As per our Report of even date attached.

For Haribhakti & Co. LLP  
Chartered Accountants  
Firm Regn. No. 103527W/100048

For MSKA & Associates  
Chartered Accountants  
Firm Regn. No. 105047W

*(Signature)*  
Kailash Nath Bhandari  
Director  
DIN No. - 00026078

*(Signature)*  
Gaurav Pavaasramparia  
Chief Financial Officer

Purushottam Syam  
Partner  
Membership No. 118970

Swapnil Kale  
Partner  
Membershp No. 11780P

*(Signature)*  
Sunil Mitra  
Director  
DIN No. - 00113473

*(Signature)*  
Kavita Modi  
Company Secretary  
Membership No. - A21108

MAGMA HDI GENERAL INSURANCE COMPANY LIMITED  
IBDAI Registration No. 149 dated 22 May, 2012

## REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

(Rs in '000)

Particulars	Schedule	FIRE		MARINE		MISCELLANEOUS		TOTAL	
		Year ended 31 Mar 2019	Year ended 31 Mar 2018	Year ended 31 Mar 2019	Year ended 31 Mar 2018	Year ended 31 Mar 2019	Year ended 31 Mar 2018	Year ended 31 Mar 2019	Year ended 31 Mar 2018
Premiums earned (Net)	1	61,970	50,439	11,395	9,577	3,716,099	3,285,741	3,849,464	3,345,757
Profit/(Loss) on sale/redemption of investments (Net)		894	910	144	106	76,856	49,598	77,894	50,614
Others:-									
Investment Income from Terrorism Pool		8,098	4,900	-	-	1,663	1,201	9,761	6,101
Miscellaneous Income		165	46	13	16	537	282	715	344
Interest, dividend and rent (Gross)		9,664	11,902	1,554	1,380	850,624	648,594	841,842	661,876
<b>TOTAL (A)</b>		<b>80,791</b>	<b>68,197</b>	<b>13,106</b>	<b>11,079</b>	<b>4,685,779</b>	<b>3,985,416</b>	<b>4,779,676</b>	<b>4,064,692</b>
Claims incurred (Net)	2	57,523	68,354	21,970	5,592	2,637,358	2,700,256	2,716,851	2,774,202
Commission (Net)	3	(41,658)	(45,270)	(13,264)	(10,985)	(234,502)	(62,275)	(289,424)	(118,530)
Contribution to Solatium Fund		-	-	-	-	5,266	2,632	5,266	2,632
Premium Deficiency Reserve		(3,129)	3,128	772	(1,361)	-	-	(2,357)	1,767
Operating expenses related to insurance business	4	266,786	203,877	55,070	54,849	2,115,019	1,259,057	2,436,875	1,517,783
<b>TOTAL (B)</b>		<b>279,522</b>	<b>230,089</b>	<b>64,548</b>	<b>48,095</b>	<b>4,523,141</b>	<b>3,899,670</b>	<b>4,867,211</b>	<b>4,177,854</b>
<b>Operating Profit/(Loss) (C) = (A - B)</b>		<b>(198,731)</b>	<b>(161,892)</b>	<b>(51,442)</b>	<b>(37,016)</b>	<b>162,638</b>	<b>85,746</b>	<b>(87,535)</b>	<b>(113,162)</b>
<b>Appropriations</b>									
Transfer to Shareholders' Account		(198,731)	(161,892)	(51,442)	(37,016)	162,638	85,746	(87,535)	(113,162)
Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
Transfer to Other Reserves		-	-	-	-	-	-	-	-
<b>TOTAL (D)</b>		<b>(198,731)</b>	<b>(161,892)</b>	<b>(51,442)</b>	<b>(37,016)</b>	<b>162,638</b>	<b>85,746</b>	<b>(87,535)</b>	<b>(113,162)</b>

Significant Accounting Policies 16  
Notes to the Financial Statement 17

For and on behalf of the Board of Directors

The Schedules referred to above form an integral part of the Financial Statements

As per our Report of even date attached.

For Haribhakti & Co. LLP  
Chartered Accountants  
Firm Regn No 103523W/ W100048

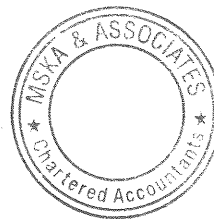
Purushottam Nyati  
Partner  
Membership No. 118970



Mumbai, 2 May 2019

For MSKA & Associates  
Chartered Accountants  
Firm Regn. No. 105047W

Swapnil Kale  
Partner  
Membership No 117812



Kailash Nath Bhandari  
Director  
DIN No. - 00026078

Sunil Mitra  
Director  
DIN No. - 00113473

Sanjay Chabria  
Chairman  
DIN No. - 00009894

Rajive Kumaraswami  
Managing Director &  
Chief Executive Officer  
DIN No. - 07501971

Gaurav Parasrampuria  
Chief Financial Officer

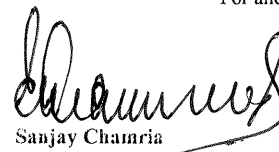
Kavita Modi  
Company Secretary  
Membership No. - A21108

RECEIPT AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2019

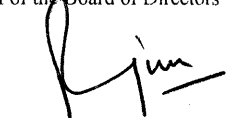
(Rs. in '000)

Particulars	Year ended 31 Mar 2019	Year ended 31 Mar 2018
<b>Cash flows from the operating activities:</b>		
Premium received from policyholders, including advance receipts and service tax	12,263,737	6,199,569
Other receipts	16,358	(18,120)
Receipts / (Payments) from / to reinsurers, net of commissions and claims	(2,794,589)	(500,586)
Receipts / (Payments) from / to co-insurers, net of claims recovery	(306,285)	(1,000)
Payments of claims	(2,584,349)	(1,818,142)
Payments of commission & brokerage	(644,379)	(291,975)
Payments of other operating Expenses	(2,401,647)	(1,712,201)
Deposits, advances and staff loans (Net)	(10,316)	619
Income Tax paid (Net)	(50,348)	(10,797)
GST / Service tax paid	(781,704)	(654,461)
<b>Cash flows before extraordinary items</b>	<b>2,706,478</b>	<b>1,192,935</b>
Cash flow from extraordinary operations	-	-
<b>Net cash flow from operating activities (A)</b>	<b>2,706,478</b>	<b>1,192,935</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(157,492)	(53,380)
Proceeds from sale of fixed assets	31	52
Purchases of investments	(58,336,240)	(38,317,165)
Sales of investments	54,675,519	36,376,291
Rents/Interests/ Dividends received	800,523	969,000
Loans Given	(60,080)	-
Investments in money market instruments and in liquid mutual funds (Net)	-	(1,677)
Expenses related to investments	(1,466)	(1,458)
<b>Net cash flow from investing activities (B)</b>	<b>(3,079,205)</b>	<b>(1,698,337)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of share capital / share application money including share premium (net of issue expenses)	1,250,000	-
Proceeds from borrowing	3,406	-
Repayments of borrowing	-	(618)
Interest Paid	(268)	(300)
<b>Net cash flow from financing activities (C)</b>	<b>1,253,138</b>	<b>(918)</b>
<b>Effect of foreign exchange rates on cash and cash equivalents, net (D)</b>		
Net increase / (decrease) in cash and cash equivalents: (A+B+C+D)	880,411	93,680
Cash and Cash Equivalent at the beginning of the year	261,829	168,149
Cash and Cash Equivalent at the end of the year	1,142,240	261,829
Refer Schedule 11 for components of Cash and cash equivalent		

For and on behalf of the Board of Directors

  
Sanjay Chamria  
Chairman

DIN No. - 00009894

  
Rajive Kumaraswami  
Managing Director &  
Chief Executive Officer

DIN No. - 07501571

As per our Report of even date attached.

For Haribhakti & Co. LLP

Chartered Accountants

Firm Regn. No. 103523W / W100048

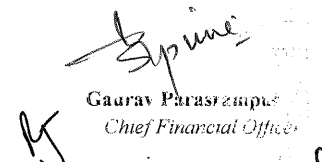
For MSKA & Associates

Chartered Accountants

Firm Regn. No. 105047W

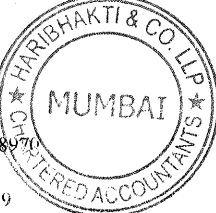
  
Kailash Nath Bhaugari  
Director

DIN No. - 00026078

  
Gaurav Parashuram  
Chief Financial Officer

  
Purushottam Nayan  
Partner

Membership No. 118970



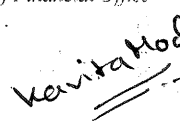
  
Swapnil Kate  
Partner

Membership No. 117812



  
Sunil Mitra  
Director

DIN No. - 00113473

  
Kavita Modi  
Company Secretary

Membership No. - A21108

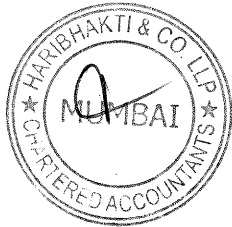
Mumbai, 2 May 2019

MAGMA HDI GENERAL INSURANCE COMPANY LIMITED  
Schedules to the Financial Statements

SCHEDULE - 1  
PREMIUM EARNED [NET]

Particulars	YEAR ENDED 31 MARCH 2019						YEAR ENDED 31 MARCH 2018					
	FIRE	MARINE			*MISCELLANEOUS	TOTAL	FIRE	MARINE			*MISCELLANEOUS	TOTAL
		MARINE CARGO	MARINE HULL	MARINE TOTAL				MARINE CARGO	MARINE HULL	MARINE TOTAL		
Premium from direct business written - net of GST / Service tax	725,716	216,690	-	216,690	8,758,709	9,701,115	434,689	191,094	-	191,094	4,641,160	5,266,943
Add : Premium on reinsurance accepted	393,490	48,894	-	48,894	114,701	557,085	317,914	11,375	-	11,375	6,576	335,865
Less : Premium on reinsurance ceded	(1,042,668)	(253,280)	-	(253,280)	(3,792,953)	(5,088,901)	(685,062)	(194,638)	-	(194,638)	(967,058)	(1,846,758)
<b>Net Premium</b>	<b>76,538</b>	<b>12,304</b>	<b>-</b>	<b>12,304</b>	<b>5,080,457</b>	<b>5,169,299</b>	<b>67,541</b>	<b>7,831</b>	<b>-</b>	<b>7,831</b>	<b>3,680,678</b>	<b>3,756,050</b>
Adjustment for change in reserve for unexpired risk												
Reserve for unexpired risk at the end of the year	109,337	5,572	-	5,572	3,359,832	3,474,741	94,769	4,663	-	4,663	2,055,474	2,154,906
Reserve for unexpired risk at the beginning of the year	(94,769)	(4,663)	-	(4,663)	(2,055,474)	(2,154,906)	(77,667)	(6,409)	-	(6,409)	(1,660,537)	(1,744,613)
Change in unexpired risk reserve	14,568	909	-	909	1,304,358	1,319,835	17,102	(1,746)	-	(1,746)	394,937	410,293
<b>Total premium earned (Net)</b>	<b>61,970</b>	<b>11,395</b>	<b>-</b>	<b>11,395</b>	<b>3,776,099</b>	<b>3,849,464</b>	<b>50,439</b>	<b>9,577</b>	<b>-</b>	<b>9,577</b>	<b>3,285,741</b>	<b>3,345,757</b>

\* Refer to Schedule - 1(A)



MAGMA HDI GENERAL INSURANCE COMPANY LIMITED  
Schedules to the Financial Statements

SCHEDULE - 1 (A)  
PREMIUM EARNED [NET]

MISCELLANEOUS PREMIUM EARNED [NET] BREAKUP FOR THE YEAR ENDED 31 MARCH 2019

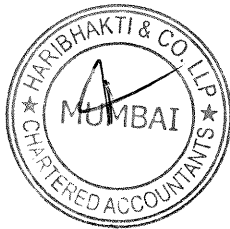
(Rs in '000)

Particulars	MOTOR			MISCELLANEOUS							TOTAL
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL	ENGINEERING	PUBLIC / PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		
									OTHER LIABILITY	OTHERS	
Premium from direct business written - net of GST / Service tax	2,199,250	5,266,223	7,465,473	85,330	410	16,176	812,876	38,509	283,140	56,795	8,758,709
Add : Premium on reinsurance accepted	-	-	-	14,072	514	-	50,441	46,733	2,362	579	114,701
Less : Premium on reinsurance ceded	(1,243,860)	(1,950,787)	(3,194,647)	(83,686)	(629)	(3,849)	(155,288)	(25,195)	(277,592)	(52,067)	(3,792,953)
<b>Net Premium</b>	<b>955,390</b>	<b>3,315,436</b>	<b>4,270,826</b>	<b>15,716</b>	<b>295</b>	<b>12,327</b>	<b>708,029</b>	<b>60,047</b>	<b>7,910</b>	<b>5,307</b>	<b>5,080,457</b>
Adjustment for change in reserve for unexpired risk											
Reserve for unexpired risk at the end of the year	417,390	2,619,222	3,036,612	12,315	220	5,174	275,958	18,603	5,691	5,259	3,359,832
Reserve for unexpired risk at the beginning of the year	(549,414)	(1,400,704)	(1,950,118)	(11,570)	(155)	(7,303)	(58,870)	(15,595)	(5,252)	(6,611)	(2,055,474)
Change in unexpired risk reserve	(132,024)	1,218,518	1,086,494	745	65	(2,129)	217,088	3,008	439	(1,352)	1,304,358
<b>Total premium earned (Net)</b>	<b>1,087,414</b>	<b>2,096,918</b>	<b>3,184,332</b>	<b>14,971</b>	<b>230</b>	<b>14,456</b>	<b>490,941</b>	<b>57,039</b>	<b>7,471</b>	<b>6,659</b>	<b>3,776,099</b>

MISCELLANEOUS PREMIUM EARNED [NET] BREAKUP FOR THE YEAR ENDED 31 MARCH 2018

(Rs in '000)

Particulars	MOTOR			MISCELLANEOUS							TOTAL
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL	ENGINEERING	PUBLIC / PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		
									OTHER LIABILITY	OTHERS	
Premium from direct business written - net of GST / Service tax	1,502,509	2,631,719	4,134,228	54,790	327	20,932	167,534	31,650	211,441	20,258	4,641,160
Add : Premium on reinsurance accepted	37	-	37	6,539	-	-	-	-	-	-	6,576
Less : Premium on reinsurance ceded	(457,644)	(138,552)	(596,196)	(44,778)	(18)	(1,139)	(99,345)	(8,029)	(201,626)	(15,927)	(967,058)
<b>Net Premium</b>	<b>1,044,902</b>	<b>2,493,167</b>	<b>3,538,069</b>	<b>16,551</b>	<b>309</b>	<b>19,793</b>	<b>68,189</b>	<b>23,621</b>	<b>9,815</b>	<b>4,331</b>	<b>3,680,678</b>
Adjustment for change in reserve for unexpired risk											
Reserve for unexpired risk at the end of the year	549,414	1,400,704	1,950,118	11,570	155	7,303	58,870	15,595	5,252	6,611	2,055,474
Reserve for unexpired risk at the beginning of the year	(645,953)	(970,993)	(1,616,946)	(13,567)	(299)	(8,373)	(8,112)	(8,308)	(1,945)	(2,987)	(1,660,537)
Change in unexpired risk reserve	(96,539)	429,711	333,172	(1,997)	(144)	(1,070)	50,758	7,287	3,307	3,624	394,937
<b>Total premium earned (Net)</b>	<b>1,141,441</b>	<b>2,063,456</b>	<b>3,204,897</b>	<b>18,548</b>	<b>453</b>	<b>20,863</b>	<b>17,431</b>	<b>16,334</b>	<b>6,508</b>	<b>707</b>	<b>3,285,741</b>



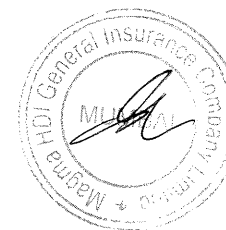
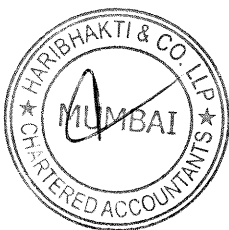


**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
Schedules to the Financial Statements

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

Particulars	YEAR ENDED 31 MARCH 2019						YEAR ENDED 31 MARCH 2018					
	FIRE	MARINE			*MISCELLANEOUS	TOTAL	FIRE	MARINE			*MISCELLANEOUS	TOTAL
		MARINE CARGO	MARINE HULL	MARINE TOTAL				MARINE CARGO	MARINE HULL	MARINE TOTAL		
Claims paid												
Direct	289,690	131,057	-	131,057	2,042,830	2,463,577	243,173	116,996	-	116,996	1,519,776	1,879,945
Add : Reinsurance accepted	20,785	5,716	-	5,716	6,742	33,243	17,052	6	-	6	2,002	19,060
Less : Reinsurance ceded	(285,542)	(125,207)	-	(125,207)	(359,994)	(770,743)	(234,137)	(105,120)	-	(105,120)	(151,779)	(491,036)
Net Claims paid	24,933	11,566	-	11,566	1,689,578	1,726,077	26,088	11,882	-	11,882	1,369,999	1,407,969
Add : Claims outstanding at the end of the year	125,794	46,980	-	46,980	7,763,687	7,936,461	93,204	36,576	-	36,576	6,815,907	6,945,687
Less : Claims outstanding at the beginning	(93,204)	(36,576)	-	(36,576)	(6,815,907)	(6,945,687)	(50,938)	(42,866)	-	(42,866)	(5,485,650)	(5,579,454)
<b>Total claims incurred (Net)</b>	<b>57,523</b>	<b>21,970</b>	<b>-</b>	<b>21,970</b>	<b>2,637,358</b>	<b>2,716,851</b>	<b>68,354</b>	<b>5,592</b>	<b>-</b>	<b>5,592</b>	<b>2,700,256</b>	<b>2,774,202</b>

\* Refer to Schedule - 2(A)



MAGMA HDI GENERAL INSURANCE COMPANY LIMITED  
Schedules to the Financial Statements

SCHEDULE - 2 (A)  
CLAIMS INCURRED [NET]

MISCELLANEOUS CLAIMS INCURRED [NET] BREAKUP FOR THE YEAR ENDED 31 MARCH 2019

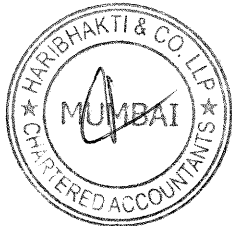
Particulars	MISCELLANEOUS										TOTAL
	MOTOR			ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Claims paid											
Direct	628,479	1,124,838	1,753,317	12,311	-	4,905	200,676	9,579	138	61,904	2,042,830
Add : Reinsurance accepted	-	-	-	-	-	-	-	5,330	-	1,412	6,742
Less : Reinsurance ceded	(213,874)	(58,120)	(271,994)	(6,414)	-	(245)	(20,951)	(1,542)	-	-	-
Net Claims paid	414,605	1,066,718	1,481,323	5,897	-	4,660	179,725	13,367	(117)	(58,731)	(359,994)
Add : Claims outstanding at the end of the year	359,694	6,832,802	7,192,496	18,956	588	6,080	272,589	52,792	9,326	210,860	7,763,687
Less : Claims outstanding at the beginning	(302,746)	(6,295,581)	(6,598,327)	(20,568)	(648)	(17,465)	(4,534)	(18,217)	(8,772)	(147,376)	(6,815,907)
<b>Total claims incurred (Net)</b>	<b>471,553</b>	<b>1,603,939</b>	<b>2,075,492</b>	<b>4,285</b>	<b>(60)</b>	<b>(6,725)</b>	<b>447,780</b>	<b>47,942</b>	<b>575</b>	<b>68,069</b>	<b>2,637,358</b>

(Rs in '000)

MISCELLANEOUS CLAIMS INCURRED [NET] BREAKUP FOR THE YEAR ENDED 31 MARCH 2018

Particulars	MISCELLANEOUS										TOTAL
	MOTOR			ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Claims paid											
Direct	479,239	1,002,139	1,481,378	5,268	29	8,451	23	18,336	2,257	4,034	1,519,776
Add : Reinsurance accepted	429	-	429	463	-	-	-	-	-	1,110	2,002
Less : Reinsurance ceded	(86,620)	(52,463)	(139,083)	(2,621)	(1)	(423)	(5)	(4,902)	-	-	-
Net Claims paid	393,048	949,676	1,342,724	3,110	28	8,028	18	13,434	(2,256)	(2,488)	(151,779)
Add : Claims outstanding at the end of the year	302,746	6,295,581	6,598,327	20,568	648	17,465	4,534	18,217	8,772	147,376	6,815,907
Less : Claims outstanding at the beginning	(303,173)	(5,019,252)	(5,322,425)	(26,534)	(450)	(21,721)	-	(24,408)	(6,092)	(84,020)	(5,485,650)
<b>Total claims incurred (Net)</b>	<b>392,621</b>	<b>2,226,005</b>	<b>2,618,626</b>	<b>(2,856)</b>	<b>226</b>	<b>3,772</b>	<b>4,552</b>	<b>7,243</b>	<b>2,681</b>	<b>66,012</b>	<b>2,700,256</b>

(Rs in '000)



MAGMA HDI GENERAL INSURANCE COMPANY LIMITED  
Schedules to the Financial Statements

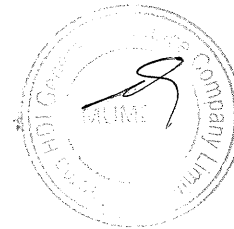
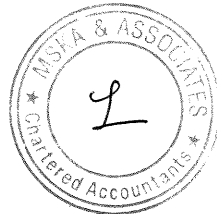
SCHEDULE - 3  
COMMISSION

Particulars	YEAR ENDED 31 MARCH 2019						YEAR ENDED 31 MARCH 2018					
	FIRE	MARINE			*MISCELLANEOUS	TOTAL	FIRE	MARINE			*MISCELLANEOUS	TOTAL
		MARINE CARGO	MARINE HULL	MARINE TOTAL				MARINE CARGO	MARINE HULL	MARINE TOTAL		
Commission paid												
Direct	49,228	12,513	-	12,513	547,933	609,674	29,766	8,572	-	8,572	279,085	317,423
<b>TOTAL (A)</b>	<b>49,228</b>	<b>12,513</b>	<b>-</b>	<b>12,513</b>	<b>547,933</b>	<b>609,674</b>	<b>29,766</b>	<b>8,572</b>	<b>-</b>	<b>8,572</b>	<b>279,085</b>	<b>317,423</b>
Add : Commission on reinsurance accepted	17,200	5,458	-	5,458	7,787	30,445	19,699	1,680	-	1,680	149	21,528
Less : Commission on reinsurance ceded	(108,086)	(31,235)	-	(31,235)	(790,222)	(929,543)	(94,735)	(21,237)	-	(21,237)	(341,509)	(457,481)
<b>Net commission</b>	<b>(41,658)</b>	<b>(13,264)</b>	<b>-</b>	<b>(13,264)</b>	<b>(234,502)</b>	<b>(289,424)</b>	<b>(45,270)</b>	<b>(10,985)</b>	<b>-</b>	<b>(10,985)</b>	<b>(62,275)</b>	<b>(118,530)</b>

\* Refer to Schedule - 3(A)

COMMISSION PAID - DIRECT

Particulars	YEAR ENDED 31 MARCH 2019						YEAR ENDED 31 MARCH 2018					
	FIRE	MARINE			MISCELLANEOUS	TOTAL	FIRE	MARINE			MISCELLANEOUS	TOTAL
		MARINE CARGO	MARINE HULL	MARINE TOTAL				MARINE CARGO	MARINE HULL	MARINE TOTAL		
Agents	842	468	-	468	79,877	81,187	762	477	-	477	79,211	80,450
Brokers	44,046	11,446	-	11,446	187,316	242,808	26,959	7,546	-	7,546	50,374	84,879
Corporate agency	4,340	599	-	599	145,237	150,176	2,045	549	-	549	128,662	131,256
Others - MISP, POS, Web aggregators	-	-	-	-	135,503	135,503	-	-	-	-	20,838	20,838
<b>TOTAL (B)</b>	<b>49,228</b>	<b>12,513</b>	<b>-</b>	<b>12,513</b>	<b>547,933</b>	<b>609,674</b>	<b>29,766</b>	<b>8,572</b>	<b>-</b>	<b>8,572</b>	<b>279,085</b>	<b>317,423</b>



MAGMA HDI GENERAL INSURANCE COMPANY LIMITED  
Schedules to the Financial Statements

SCHEDULE - 3 (A)  
COMMISSION

MISCELLANEOUS COMMISSION BREAKUP FOR THE YEAR ENDED 31 MARCH 2019

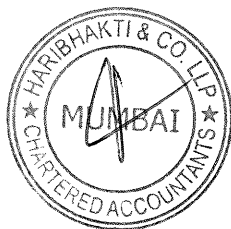
(Rs in '000)

Particulars	MISCELLANEOUS										TOTAL
	MOTOR			ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Commission paid											
Direct	374,265	60,038	434,303	9,547	102	2,160	74,794	5,810	13,900	7,317	547,933
<b>TOTAL (A)</b>	<b>374,265</b>	<b>60,038</b>	<b>434,303</b>	<b>9,547</b>	<b>102</b>	<b>2,160</b>	<b>74,794</b>	<b>5,810</b>	<b>13,900</b>	<b>7,317</b>	<b>547,933</b>
Add : Commission on reinsurance accepted	-	-	-	1,475	64	-	-	5,747	414	87	7,787
Less : Commission on reinsurance ceded	(519,275)	(127,378)	(646,653)	(11,322)	(156)	(121)	(79,633)	(6,895)	(38,049)	(7,393)	(790,222)
<b>Net commission</b>	<b>(145,010)</b>	<b>(67,340)</b>	<b>(212,350)</b>	<b>(300)</b>	<b>10</b>	<b>2,039</b>	<b>(4,839)</b>	<b>4,662</b>	<b>(23,735)</b>	<b>11</b>	<b>(234,502)</b>

MISCELLANEOUS COMMISSION BREAKUP FOR THE YEAR ENDED 31 MARCH 2018

(Rs in '000)

Particulars	MISCELLANEOUS										TOTAL
	MOTOR			ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		
	MOTOR - OD	MOTOR - TP	MOTOR - TOTAL						OTHER LIABILITY	OTHERS	
Commission paid											
Direct	212,948	13,993	226,941	6,607	109	2,617	25,476	4,539	10,895	1,901	279,085
<b>TOTAL (A)</b>	<b>212,948</b>	<b>13,993</b>	<b>226,941</b>	<b>6,607</b>	<b>109</b>	<b>2,617</b>	<b>25,476</b>	<b>4,539</b>	<b>10,895</b>	<b>1,901</b>	<b>279,085</b>
Add : Commission on reinsurance accepted	4	-	4	145	-	-	-	-	-	-	149
Less : Commission on reinsurance ceded	(244,189)	(6,579)	(250,768)	(7,148)	28	(157)	(53,163)	(561)	(29,411)	(329)	(341,509)
<b>Net commission</b>	<b>(31,237)</b>	<b>7,414</b>	<b>(23,823)</b>	<b>(396)</b>	<b>137</b>	<b>2,460</b>	<b>(27,687)</b>	<b>3,978</b>	<b>(18,516)</b>	<b>1,572</b>	<b>(62,275)</b>

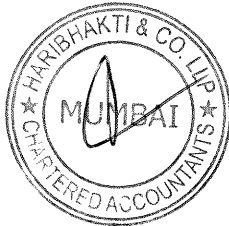


MAGMA HDI GENERAL INSURANCE COMPANY LIMITED  
Schedules to the Financial Statements

SCHEDULE - 4  
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

Particulars	YEAR ENDED 31 MARCH 2019						YEAR ENDED 31 MARCH 2018					
	FIRE	MARINE			*MISCELLANEOUS	TOTAL	FIRE	MARINE			*MISCELLANEOUS	TOTAL
		MARINE CARGO	MARINE HULL	MARINE TOTAL				MARINE CARGO	MARINE HULL	MARINE TOTAL		
Employees' remuneration and welfare benefits	92,377	21,920	-	21,920	732,391	846,688	80,755	21,723	-	21,723	498,706	601,184
Travel, conveyance and vehicle running expenses	6,883	1,634	-	1,634	54,574	63,091	6,035	1,623	-	1,623	37,273	44,931
Training expenses	-	-	-	-	-	-	-	-	-	-	-	-
Rents, rates and taxes	5,059	1,210	-	1,210	42,303	48,572	5,122	1,380	-	1,380	31,630	38,132
Repairs and maintenance	2,852	678	-	678	22,611	26,141	2,709	729	-	729	16,729	20,167
Printing and stationery	1,320	313	-	313	10,470	12,103	1,706	459	-	459	10,538	12,703
Communication	1,781	423	-	423	14,121	16,325	2,354	634	-	634	14,536	17,524
Legal and professional charges	7,497	1,780	-	1,780	71,292	80,569	7,551	2,032	-	2,032	46,632	56,215
Auditors' fees, expenses etc.												
(a) as auditor	393	93	-	93	3,114	3,600	470	126	-	126	2,904	3,500
(b) as adviser or in any other capacity, in respect of												
(i) Taxation matters	60	15	-	15	475	550	-	-	-	-	-	-
(ii) Insurance matters	51	11	-	11	404	466	62	15	-	15	381	458
(iii) Management services; and	93	22	-	22	735	850	-	-	-	-	-	-
(c) in any other capacity (Reimbursement of Expenses)	46	12	-	12	363	421	26	10	-	10	161	197
Advertisement and publicity	98,941	23,477	-	23,477	784,435	906,853	38,351	10,317	-	10,317	236,836	285,504
Interest and bank charges	2,974	707	-	707	23,579	27,260	1,249	334	-	334	7,714	9,297
Others												
Manpower hire charges	24,969	5,924	-	5,924	197,961	228,854	38,189	10,274	-	10,274	235,838	284,301
Information technology expenses	6,532	1,552	-	1,552	51,786	59,870	6,844	1,841	-	1,841	42,267	50,952
Director fees	-	-	-	-	-	-	298	81	-	81	1,841	2,220
Membership fees and subscription expenses	497	120	-	120	3,942	4,559	537	144	-	144	3,317	3,998
Business promotion expenses	141	32	-	32	1,118	1,291	1,973	531	-	531	12,186	14,690
Miscellaneous expenses	8,205	1,457	-	1,457	52,093	61,755	5,253	1,413	-	1,413	32,438	39,104
Depreciation	6,115	1,452	-	1,452	48,482	56,049	4,393	1,183	-	1,183	27,130	32,706
Expenses transferred to Shareholders' Account (Refer Note 17.20)	-	(7,762)	-	(7,762)	(1,230)	(8,992)	-	-	-	-	-	-
<b>TOTAL</b>	<b>266,786</b>	<b>55,070</b>	<b>-</b>	<b>55,070</b>	<b>2,115,019</b>	<b>2,436,875</b>	<b>203,877</b>	<b>54,849</b>	<b>-</b>	<b>54,849</b>	<b>1,259,057</b>	<b>1,517,783</b>

\* Refer to Schedule - 4(A)



SCHEDULE - 4 (A)

MISCELLANEOUS OPERATING EXPENSES RELATED TO INSURANCE BUSINESS BREAK UP FOR THE YEAR ENDED 31 MARCH 2019

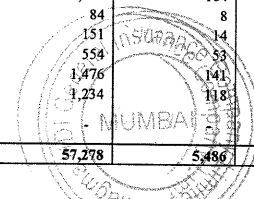
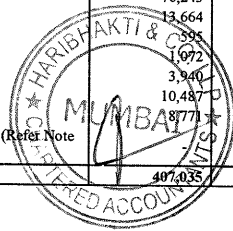
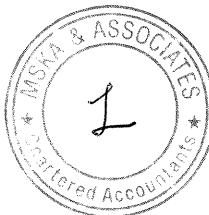
(Rs in '000)

Particulars	MOTOR			MISCELLANEOUS						GRAND TOTAL	
	MOTOR - OD	MOTOR - TP	MOTOR - TOTAL	ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		
									OTHER LIABILITY		OTHERS
Employees' remuneration and welfare benefits	181,521	434,662	616,183	8,204	76	1,335	71,256	7,036	23,565	4,736	732,391
Travel, conveyance and vehicle running expenses	13,526	32,389	45,915	611	6	99	5,310	524	1,756	353	54,574
Training expenses	-	-	-	-	-	-	-	-	-	-	-
Rents, rates and taxes	10,192	24,406	34,598	449	4	91	3,962	1,646	1,288	265	42,303
Repairs and maintenance	5,604	13,420	19,024	253	2	41	2,200	217	728	146	22,611
Printing and stationery	2,595	6,213	8,808	117	1	19	1,019	101	337	68	10,470
Communication	3,500	8,381	11,881	158	1	26	1,374	136	454	91	14,121
Legal and professional charges	24,822	35,277	60,099	666	6	108	7,545	571	1,913	384	71,292
Auditors' fees, expenses etc.											
(a) as auditor	772	1,848	2,620	35	-	6	303	30	100	20	3,114
(b) as adviser or in any other capacity, in respect of											
(i) Taxation matters	118	282	400	5	-	1	46	5	15	3	475
(ii) Insurance matters	100	239	339	5	-	1	39	4	13	3	404
(iii) Management services; and	182	436	618	8	-	1	72	7	24	5	735
(c) in any other capacity (Reimbursement of Expenses)	90	216	306	4	-	1	35	3	12	2	363
Advertisement and publicity	194,420	465,549	659,969	8,787	82	1,430	76,320	7,536	25,239	5,072	784,435
Interest and bank charges	5,844	13,994	19,838	264	2	43	2,294	227	759	152	23,579
Others											
Manpower hire charges	49,064	117,486	166,550	2,218	21	361	19,260	1,902	6,369	1,280	197,961
Information technology	12,835	30,735	43,570	580	5	94	5,039	497	1,666	335	51,786
Director fees	-	-	-	-	-	-	-	-	-	-	-
Membership fees and Subscription expenses	977	2,340	3,317	44	-	7	384	38	127	25	3,942
Business promotion expenses	277	663	940	13	-	2	109	11	36	7	1,118
Miscellaneous expenses	10,756	24,339	35,095	690	4	75	14,167	420	1,360	282	52,093
Depreciation	12,016	28,774	40,790	543	5	88	4,717	466	1,560	313	48,482
Expenses transferred to Shareholders' Account (Refer Note 17.20)	-	-	-	(177)	-	-	(814)	(80)	-	(159)	(1,230)
<b>TOTAL</b>	<b>529,211</b>	<b>1,241,649</b>	<b>1,770,860</b>	<b>23,477</b>	<b>215</b>	<b>3,829</b>	<b>214,637</b>	<b>21,297</b>	<b>67,321</b>	<b>13,383</b>	<b>2,115,019</b>

MISCELLANEOUS OPERATING EXPENSES RELATED TO INSURANCE BUSINESS BREAKUP FOR THE YEAR ENDED 31 MARCH 2018

(Rs in '000)

Particulars	MOTOR			MISCELLANEOUS						GRAND TOTAL	
	MOTOR - OD	MOTOR - TP	MOTOR - TOTAL	ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		
									Other Liability		Others
Employees' remuneration and welfare benefits	161,224	282,385	443,609	6,581	35	2,246	17,977	3,396	22,688	2,174	498,706
Travel, conveyance and vehicle running expenses	12,049	21,105	33,154	492	3	168	1,344	254	1,696	162	37,273
Training expenses	-	-	-	-	-	-	-	-	-	-	-
Rents, rates and taxes	10,226	17,911	28,137	417	2	142	1,140	215	1,439	138	31,630
Repairs and maintenance	5,408	9,473	14,881	221	1	75	603	114	761	73	16,729
Printing and stationery	3,407	5,967	9,374	139	1	47	380	72	479	46	10,538
Communication	4,700	8,231	12,931	192	1	65	524	99	661	63	14,536
Legal and professional charges	15,076	26,405	41,481	615	3	210	1,681	318	2,121	203	46,632
Auditors' fees, expenses etc.											
(a) as auditor	939	1,644	2,583	38	-	13	105	20	132	13	2,904
(b) as adviser or in any other capacity, in respect of											
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	123	215	338	5	-	2	14	3	17	2	381
(iii) Management services; and	-	-	-	-	-	-	-	-	-	-	-
(c) in any other capacity (Reimbursement of Expenses)	52	93	145	2	-	1	5	-	8	-	161
Advertisement and publicity	76,566	134,105	210,671	3,125	17	1,067	8,537	1,613	10,774	1,032	236,836
Interest and bank charges	2,493	6,860	9,353	102	1	35	278	53	351	34	7,714
Others											
Manpower hire charges	76,243	133,540	209,783	3,112	17	1,062	8,501	1,606	10,729	1,028	235,838
Information technology	13,664	23,933	37,597	558	3	190	1,524	288	1,923	184	42,267
Director fees	-	-	-	-	-	-	-	-	-	-	-
Membership fees and Subscription expenses	1,672	1,043	2,715	24	-	8	66	13	84	8	1,841
Business promotion expenses	3,940	6,900	10,840	161	1	55	120	23	151	14	3,317
Miscellaneous expenses	10,487	18,368	28,855	428	2	146	1,169	221	1,476	141	12,186
Depreciation	15,362	24,133	39,495	358	2	122	978	185	1,234	118	32,438
Expenses transferred to Shareholders' Account (Refer Note 17.20)	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>407,035</b>	<b>712,925</b>	<b>1,119,960</b>	<b>16,614</b>	<b>89</b>	<b>5,669</b>	<b>45,385</b>	<b>8,576</b>	<b>57,278</b>	<b>5,486</b>	<b>1,259,057</b>



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
Schedules to the Financial Statements

**SCHEDULE – 5**  
**SHARE CAPITAL**

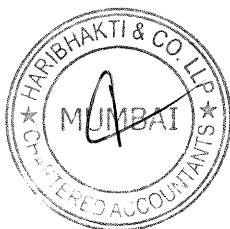
(Rs in '000)

Particulars	As at	
	31 March 2019	31 March 2018
<b>Authorised Capital</b>		
20,00,00,000 (Previous Year - 12,00,00,000) Equity Shares of Rs 10/- each fully paid-up	2,000,000	1,200,000
<b>Issued Capital</b>		
12,50,00,000 (Previous Year - 11,25,00,000) Equity Shares of Rs 10/- each fully paid-up	1,250,000	1,125,000
<b>Subscribed Capital</b>		
12,50,00,000 (Previous Year - 11,25,00,000) Equity Shares of Rs 10/- each fully paid-up	1,250,000	1,125,000
<b>Called-up- Capital</b>		
12,50,00,000 (Previous Year - 11,25,00,000) Equity Shares of Rs 10/- each fully paid-up	1,250,000	1,125,000
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>1,250,000</b>	<b>1,125,000</b>

**SCHEDULE – 5 A**  
**PATTERN OF SHAREHOLDING**  
(As certified by the management)

Shareholder	As at 31 March 2019		As at 31 March 2018	
	Number of Shares	% of Holding	Number of Shares	% of Holding
<b>Promoters</b>				
<b>Indian</b>				
Magma Fincorp Limited	39,898,281	31.92%	35,250,000	31.33%
Celica Developers Private Limited*	29,716,231	23.77%	26,000,000	23.11%
Jaguar Advisory Services Private Limited	22,500,000	18.00%	22,500,000	20.00%
<b>Foreign</b>				
HDI Global SE	32,000,000	25.60%	28,750,000	25.56%
<b>Others</b>				
Magma HDI General Insurance Company ESOP Trust	885,488	0.71%	-	-
<b>TOTAL</b>	<b>125,000,000</b>	<b>100%</b>	<b>112,500,000</b>	<b>100%</b>

\* 444 (Previous Year 400) equity shares jointly held with Sanjay Chamria, Vanita Chamria and Harshvardhan Chamria.



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

**SCHEDULE - 6****RESERVES AND SURPLUS**

(Rs in '000)

Particulars	As at 31 March 2019		As at 31 March 2018	
Capital reserve		-		-
Capital redemption reserve		-		-
Share premium				
Balance brought forward from Previous Year	1,455,000		1,455,000	
Add: Addition during the year	375,000		-	
Less: Share Issue Expenses	-	1,830,000	-	1,455,000
General reserve				
Less: Debit balance in profit and Loss account		-		-
Less: Amount utilized for buy-back		-		-
Catastrophe reserve		-		-
Other reserves		-		-
Balance of profit in profit & loss account		-		-
<b>TOTAL</b>		<b>1,830,000</b>		<b>1,455,000</b>

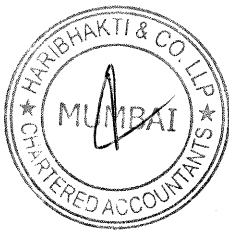
**SCHEDULE - 7****BORROWINGS**

(Rs in '000)

Particulars	As at	
	31 March 2019	31 March 2018
Debentures/ Bonds	-	-
Banks	-	-
Financial institutions (Refer Note below)		
- Due within 12 months	1,566	672
- Due after 12 months	4,596	2,323
Others	-	-
<b>TOTAL</b>	<b>6,162</b>	<b>2,995</b>

Note:-

Borrowing is secured by hypothecation of vehicles, the WDV of which is Rs. 4,678 thousands as on 31st March 2019 (Previous Year Rs. 2,244 thousands)





**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

**SCHEDULE - 8**

**INVESTMENTS - SHAREHOLDERS (Refer Note 16.11 & 16.32)**

(Rs in '000)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>LONG TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills	520,524	553,136
Other approved securities	69,828	110,032
Other investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	3,772	8,733
(b) Mutual funds	-	-
(c) Derivative instruments	-	-
(d) Debentures/ Bonds	467,185	491,595
(e) Other securities (Bank deposits)	20,951	32,820
(f) Subsidiaries	-	-
(g) Investment properties-real estate	-	-
Investments in infrastructure and social sector	256,363	333,669
Other than approved investments	33,887	-
<b>TOTAL LONG TERM INVESTMENTS</b>	<b>1,372,510</b>	<b>1,529,985</b>
<b>SHORT TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills	-	-
Other approved securities	-	-
Other investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	1,886	2,911
(b) Mutual funds	17,329	124,531
(c) Derivative instruments	-	-
(d) Debentures/ Bonds	68,197	114,819
(e) Other securities (Bank deposits)	17,986	93,784
(f) Subsidiaries	-	-
(g) Investment properties-real estate	-	-
Investments in infrastructure and social sector	31,438	-
Other than approved investments	22,439	-
<b>TOTAL SHORT TERM INVESTMENTS</b>	<b>159,275</b>	<b>336,045</b>
<b>TOTAL</b>	<b>1,531,785</b>	<b>1,866,030</b>

**NOTES :**

1) Aggregate value of the investments other than Mutual funds

(Rs in '000)

Long Term Investments	-Book Value	1,372,510	1,529,985
	-Market Value	1,378,302	1,539,715
Short Term Investments	-Book Value	141,946	211,514
	-Market Value	142,148	212,811
Total	-Book Value	1,514,456	1,741,499
	-Market Value	1,520,450	1,752,526

2) All the above investments are performing assets.

3) Aggregate value of the investments in Mutual funds.

Long Term Investments	-Book Value	-	-
Short Term Investments	-Book Value	17,329	124,531

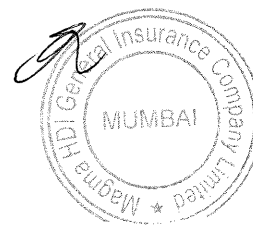
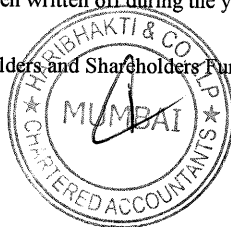
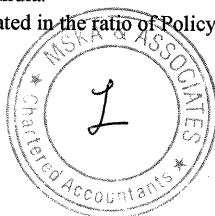
4) Value of contracts in relation to investments where deliveries are pending Rupees Nil (Previous Year - Nil) and in respect of sale of Investments where payments are overdue Rupees Nil (Previous Year - Nil).

5) Investments in Mutual Funds includes Rs. 14 thousand (Previous Year Rs. 273 thousand) being the change in their fair value as at 31 March 2019, which is classified under Fair Value Change Account.

6) The Company's investment in "9.50% ILFS NCD 28-07-2024" (Secured NCDs) of Infrastructure Leasing & Financial Services Limited amounting to Rs. 103,222 thousand has been downgraded by the rating agencies, ICRA and CARE to junk grade 'D' in September 2018 after the investee company defaulted on its liability repayments. The management of the Company has identified the same as a Loss Asset. The full value of the Investment has been written off during the year.

7) There are no Investments outside India.

8) Investment assets have been allocated in the ratio of Policyholders and Shareholders Funds (Refer Note 16.32)



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
Schedules to the Financial Statements

**SCHEDULE – 8A**

**INVESTMENTS - POLICYHOLDERS (Refer Note 16.11 & 16.32)**

(Rs in '000)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>LONG TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills	4,448,542	2,817,557
Other approved securities	596,767	560,477
Other investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	32,238	44,485
(b) Mutual funds	-	-
(c) Derivative instruments	-	-
(d) Debentures/ Bonds	3,992,698	2,504,081
(e) Other securities (Bank deposits)	179,049	167,180
(f) Subsidiaries	-	-
(g) Investment properties-real estate	-	-
Investments in infrastructure and social sector	2,190,947	1,699,635
Other than approved investments	289,611	-
<b>TOTAL LONG TERM INVESTMENTS</b>	<b>11,729,852</b>	<b>7,793,415</b>
<b>SHORT TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills	-	-
Other approved securities	-	-
Other investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	16,119	14,828
(b) Mutual funds	148,099	634,334
(c) Derivative instruments	-	-
(d) Debentures/ Bonds	582,832	584,860
(e) Other securities (Bank deposits)	153,714	477,716
(f) Subsidiaries	-	-
(g) Investment properties-real estate	-	-
Investments in infrastructure and social sector	268,678	-
Other than approved investments	191,772	-
<b>TOTAL SHORT TERM INVESTMENTS</b>	<b>1,361,214</b>	<b>1,711,738</b>
<b>TOTAL</b>	<b>13,091,066</b>	<b>9,505,153</b>

**NOTES :**

1) **Aggregate value of the investments other than Mutual funds**

(Rs in '000)

Long Term Investments	-Book Value	11,729,852	7,793,415
	-Market Value	11,779,353	7,842,974
Short Term Investments	-Book Value	1,213,115	1,077,404
	-Market Value	1,214,840	1,084,014
Total	-Book Value	12,942,967	8,870,819
	-Market Value	12,994,193	8,926,988

2) All the above investments are performing assets.

3) **Aggregate value of the investments in Mutual funds.**

Long Term Investments	-Book Value	-	-
Short Term Investments	-Book Value	148,099	634,334

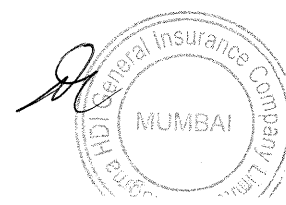
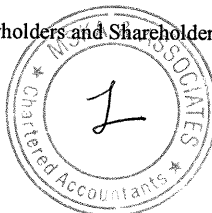
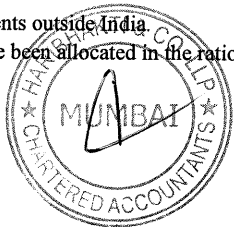
4) Value of contracts in relation to investments where deliveries are pending Rupees Nil (Previous Year - Nil) and in respect of sale of Investments where payments are overdue Rupees Nil (Previous Year - Nil).

5) Investments in Mutual Funds includes Rs. 119 thousand (Previous Year Rs. 1392 thousand) being the change in their fair value as at 31 March 2019, which is classified under Fair Value Change Account.

6) The Company's investment in "9.50% ILFS NCD 28-07-2024" (Secured NCDs) of Infrastructure Leasing & Financial Services Limited amounting to Rs. 103,222 thousand has been downgraded by the rating agencies, ICRA and CARE to junk grade 'D' in September 2018 after the investee company defaulted on its liability repayments. The management of the Company has identified the same as a Loss Asset. The full value of the Investment has been written off during the year.

7) There are no Investments outside India.

8) Investment assets have been allocated in the ratio of Policyholders and Shareholders Funds (Refer Note 16.32)



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

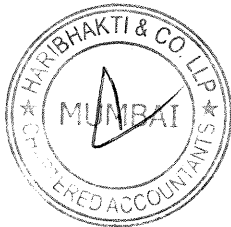
Schedules to the Financial Statements

**SCHEDULE - 9**

**LOANS**

(Rs in '000)

Particulars	As at 31 March 2019	As at 31 March 2018
<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>	59,840	-
<b>TOTAL</b>	59,840	-
<b>BORROWER-WISE CLASSIFICATION</b>		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others	59,840	-
<b>TOTAL</b>	59,840	-
<b>PERFORMANCE-WISE CLASSIFICATION</b>		
(a) Loans classified as standard		
(aa) In India	59,840	-
(bb) Outside India	-	-
(b) Non-performing loans less provisions		
(aa) In India	-	-
(bb) Outside India	-	-
<b>TOTAL</b>	59,840	-
<b>MATURITY-WISE CLASSIFICATION</b>		
(a) Short Term	-	-
(b) Long Term	59,840	-
<b>TOTAL</b>	59,840	-



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
Schedules to the Financial Statements

**SCHEDULE – 10**  
**FIXED ASSETS**

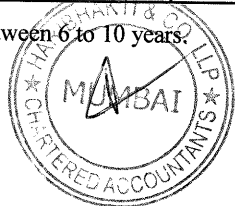
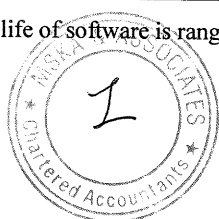
(Rs in '000)

Particulars	Gross Block				Depreciation/Amortisation				Net Block
	Opening as at 01 April 2018	Additions / Transfer	Deductions / Transfer	Closing as at 31 Mar 2019	As at 01 April 2018	For the year ended 31 March 2019	On Sales/ Adjustments	As at 31 March 2019	As at 31 March 2019
Computer Software*	162,216	118,207	1,378	279,045	44,910	37,515	839	81,586	197,459
Leasehold improvements	16,794	11,843	2,128	26,509	5,569	2,718	811	7,476	19,033
Furniture & Fittings	1,542	1,431	79	2,894	1,074	1,154	79	2,149	745
Information Technology Equipment	41,823	29,924	246	71,501	22,082	11,791	246	33,627	37,874
Vehicles	6,654	3,298	-	9,952	2,048	1,833	-	3,881	6,071
Office Equipment	2,577	323	-	2,900	1,381	492	-	1,873	1,027
Electronic Equipment	2,427	3,462	157	5,732	982	546	68	1,460	4,272
<b>TOTAL</b>	<b>234,033</b>	<b>168,488</b>	<b>3,988</b>	<b>398,533</b>	<b>78,046</b>	<b>56,049</b>	<b>2,043</b>	<b>132,052</b>	<b>266,481</b>
Capital Work in Progress	14,375	65,104	76,100	3,379	-	-	-	-	3,379
<b>Grand Total</b>	<b>248,408</b>	<b>233,592</b>	<b>80,088</b>	<b>401,912</b>	<b>78,046</b>	<b>56,049</b>	<b>2,043</b>	<b>132,052</b>	<b>269,860</b>

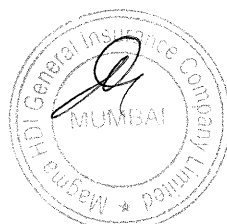
\* useful life of software is ranging between 6 to 10 years.

Particulars	Gross Block				Depreciation/Amortisation				Net Block
	Opening as at 01 April 2017	Additions / Transfer	Deductions / Transfer	Closing as at 31 March 2018	As at 01 April 2017	For the year ended 31 March 2018	On Sales/ Adjustments	As at 31 March 2018	As at 31 March 2018
Computer Software*	97,081	65,135	-	162,216	23,985	20,925	-	44,910	117,306
Leasehold improvements	13,699	3,095	-	16,794	3,809	1,760	-	5,569	11,225
Furniture & Fittings	1,170	372	-	1,542	954	120	-	1,074	468
Information Technology Equipment	22,701	19,182	60	41,823	14,557	7,582	57	22,082	19,741
Vehicles	6,659	(5)	-	6,654	307	1,741	-	2,048	4,606
Office Equipment	1,819	758	-	2,577	1,130	251	-	1,381	1,196
Electronic Equipment	2,211	216	-	2,427	656	326	-	982	1,445
<b>TOTAL</b>	<b>145,340</b>	<b>88,753</b>	<b>60</b>	<b>234,033</b>	<b>45,398</b>	<b>32,705</b>	<b>57</b>	<b>78,046</b>	<b>155,987</b>
Capital Work in Progress	49,762	23,125	58,512	14,375	-	-	-	-	14,375
<b>Grand Total</b>	<b>195,102</b>	<b>111,878</b>	<b>58,572</b>	<b>248,408</b>	<b>45,398</b>	<b>32,705</b>	<b>57</b>	<b>78,046</b>	<b>170,362</b>

\* useful life of software is ranging between 6 to 10 years.



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**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

**SCHEDULE – 11**

**CASH AND BANK BALANCES**

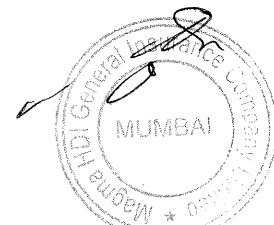
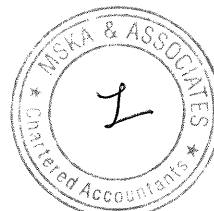
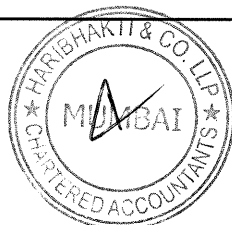
(Rs in '000)

Particulars	As at 31 March 2019	As at 31 March 2018
Cash and stamps on hand	22,117	19,635
Bank balances		
(a) Deposit accounts		
(aa) Short-term (due within 12 months)	-	-
(bb) Others	-	-
(b) Current accounts	1,052,916	173,579
(c) Cheques in-hand	67,207	68,615
(d) Others	-	-
Money at call and short notice		
(a) With banks	-	-
(b) With other institutions	-	-
Others	-	-
<b>TOTAL</b>	<b>1,142,240</b>	<b>261,829</b>

**SCHEDULE – 12**

**ADVANCES AND OTHER ASSETS**

Particulars	As at 31 March 2019	As at 31 March 2018
<b>ADVANCES</b>		
Reserve deposits with ceding companies	-	-
Application money for investments	-	-
Prepayments	21,959	13,400
Advances to directors/officers	-	-
Advance tax paid and taxes deducted at source (Net of provision for taxation)	-	2,279
MAT Credit Entitlement	-	15,697
<b>Others</b>		
Advance recoverable in cash or in kind	21,010	8,587
Advance to employees	5,286	7,170
Gratuity (excess of plan assets over obligation)	5,393	4,601
<b>TOTAL (A)</b>	<b>53,648</b>	<b>51,734</b>
<b>OTHER ASSETS</b>		
Income accrued on investments	620,897	451,029
Outstanding premiums	-	-
Agents' balances	-	-
Foreign agencies balances	-	-
Due from other insurance companies, including reinsurers (net)	557,768	283,640
Due to 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	189,504	13,199
Unsettled investment contract receivable	380,389	-
Unclaimed amount of policyholders (Investments)	28,400	12,300
Deposits for premises, telephone etc.	15,770	10,185
<b>TOTAL (B)</b>	<b>1,792,728</b>	<b>770,353</b>
<b>TOTAL (A+B)</b>	<b>1,846,376</b>	<b>822,087</b>



## Schedules to the Financial Statements

**SCHEDULE – 13****CURRENT LIABILITIES**

(Rs in '000)

Particulars	As at	As at
	31 March 2019	31 March 2018
Agents' balances	29,802	23,835
Balances due to other insurance companies	792,778	375,829
Deposits held on reinsurance ceded	527,584	119,674
Premium received in advance *	813,606	69,353
Unallocated premium	47,590	44,612
Sundry creditors	338,980	131,302
Due to subsidiaries/ holding company	-	-
Claims outstanding (net)	7,936,461	6,945,686
Due to directors/ officers	-	-
Unclaimed amount of policyholders (Refer Note 17.33)	28,373	12,231
Others -		
Due to policyholders/insured	4,499	34,869
Solatium fund	15,389	10,123
GST Liability / Service Tax Liability	6,587	71,699
TDS payable	40,120	15,686
Other statutory dues	6,810	4,974
Book Overdraft	279,710	172,608
Employee Payables	107,107	101,593
Other payable	144,744	97,904
<b>TOTAL</b>	<b>11,120,140</b>	<b>8,231,978</b>

\* Premium received in Advance includes Rs. 684,043 thousand (Previous Year - NIL) towards premium on Long Term Motor Policies collected from Customers as per IRDAI Circular No. IRDAI/NL/CIR/MOT/08/2018 dated 28th August 2018.

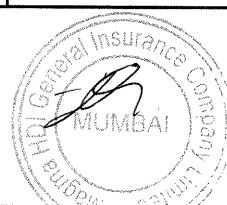
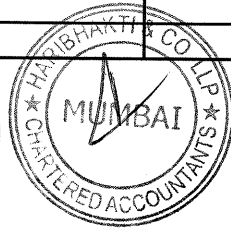
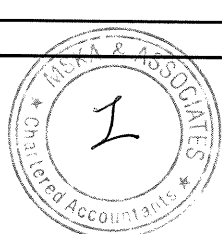
**SCHEDULE – 14****PROVISIONS**

Particulars	As at	As at
	31 March 2019	31 March 2018
Reserve for unexpired risk	3,474,741	2,154,906
Reserve for Premium deficiency	1,385	3,742
For taxation (net of advance tax and tax deducted at source)	34,868	12,279
For proposed dividends	-	-
For dividend distribution tax	-	-
Provision for employee benefit	16,196	12,271
Others	1,447	500
<b>TOTAL</b>	<b>3,528,637</b>	<b>2,183,698</b>

**SCHEDULE – 15****MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

Particulars	As at	As at
	31 March 2019	31 March 2018
Discount allowed in issue of shares/ debentures	-	-
Others	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
**IRDAI Registration No. 149 dated 22 May, 2012**

**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2019**

**Background**

Magma HDI General Insurance Company Limited ('the Company') was incorporated on 26th June 2009 and is a joint venture between 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.

**16 Significant accounting policies**

**16.1 Basis of preparation of financial statements**

The financial statements have been prepared and presented under the historical cost convention, on an accrual basis and in accordance with the applicable provisions of the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (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, 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. Any revision to accounting estimates is recognised prospectively in current and future periods.

**16.3 Revenue recognition**

**(i) Premium income**

Premium (net of goods and service tax), on direct business is recognised as income over the contract period or the period of risk, whichever is appropriate. Instalment premium is recognised on receipt of premium / confirmation from the co-insurer.

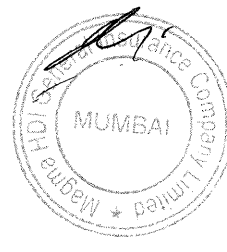
Any subsequent revisions to premium as and when they occur are recognised over the remaining period of risk or contract period, as applicable. Adjustments to premium income arising on cancellation of policies are recognised in the period in which it is cancelled.

**(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 of securities**

Profit/loss on sale/redemption of securities is recognised on trade date basis. In determining the profit/loss on sale/redemption of securities, the cost of securities is arrived at on weighted average cost basis. Further, in case of mutual funds the profit and loss also includes accumulated changes in the fair value previously recognised in the fair value change account, if any and includes effects on accumulated fair value changes, previously recognised, for specific investments sold/redeemed during the year. Sale consideration for the purpose of realised gain/loss is net of brokerage and taxes, if any, and excludes interest received on sales.



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

IRDAI Registration No. 149 dated 22 May, 2012

**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2019**

**(iv) Commission income on reinsurance ceded**

Commission income on reinsurance ceded is recognised as income in the year in which reinsurance premium is ceded. Profit commission under reinsurance treaties, wherever applicable, is recognised as income in the year of final determination of profits as confirmed by reinsurers.

**16.4 Reinsurance accepted**

Reinsurance accepted is accounted in the year in which the risk commences and recognised over the period of risk in accordance with reinsurance slips accepted from the insurers.

**16.5 Reinsurance ceded**

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

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

**16.6 Acquisition costs**

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts including reinsurance accepted, viz. commission, brokerage, reward etc. These costs are expensed in the year in which they are incurred.

**16.7 Premium received in advance**

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the balance sheet date.

In case of Long Term policies, premium is collected for the entire term i.e. (three years or five years as the case may be) at the time of sale of insurance but premium for the year is only recognised as income and the remaining premium is treated as "Premium received in advance".

**16.8 Reserve for unexpired risk (Other than Terrorism Pool)**

Reserve for unexpired risk is made on the amount representing that part of the net premium written which is attributable to, and to be allocated to the subsequent accounting period using 1/365 method.

**16.9 Reserve for Premium deficiency**

In accordance with IRDAI circular IRDA/F&A/CIR/FA/126/07/2013, dated 3rd July, 2013 (Corrigendum to Master Circular IRDA / F&I / CIR / F&A / 231 / 10 / 2012, dated 5th Oct, 2012), Premium deficiency is recognised at segmental revenue account level when the sum of expected net claim costs and related expenses and maintenance costs (related to claims handling) exceed the reserve for unexpired risks.

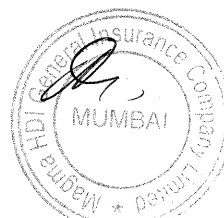
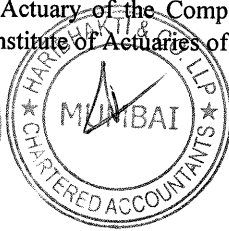
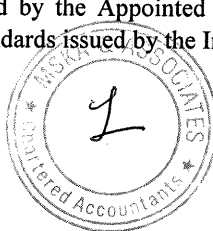
In computing the overall Premium deficiency in Miscellaneous revenue account level, the Premium deficiency arising out of reinsurance acceptances from declined risk pool is not considered as per regulatory guidelines. The premium deficiency is calculated and duly certified by the Appointed Actuary.

**16.10 Claims incurred**

Claims incurred comprise claims paid (net of salvage and other recoveries), change in estimated liability for outstanding claims made following a loss occurrence reported and change in estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') net of amounts receivable from reinsurers/coinsurers. Further, claims incurred also include specific claim settlement costs such as survey / legal fees.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation on management estimates of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revalidated 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 Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('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.





**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
**IRDAI Registration No. 149 dated 22 May, 2012**

**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2019**

**16.11 Investments**

Investments are carried at weighted average cost and includes brokerage, securities transactions tax, stamp duty and other charges incidental to transactions and excludes pre-acquisition interest, if any.

**Classification**

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.

**Valuation**

**Debt Securities**

All debt securities are considered as 'held to maturity' and are valued at historical cost subject to amortisation of premium or accretion of discount on effective interest rate basis in the revenue accounts and profit & loss account over the period of maturity/holding.

**Mutual Fund**

Investment in Mutual Funds 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.

**Fair Value Change Account**

In accordance with the 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 forward in the Balance Sheet and is not available for distribution.

**Impairment of Investment**

The Company assesses at each Balance Sheet date whether there is any indication that any investment is impaired. 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.

**16.12 Allocation of Income and Expenses**

**Allocation of Investment Income**

Investment Income has been allocated between revenue accounts and profit and loss account on the basis of the ratio of average policyholder's investments assets to average shareholder's investments assets, average being the balance at the beginning of the year and balance at the end of the reporting year.

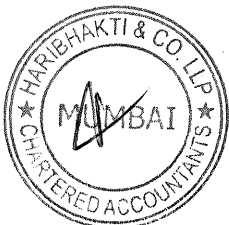
**Allocation of Expenses**

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 relevant 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 class.

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 shareholder's.

Expenses related to investment activities relating to Shareholders Fund are charged to Profit & Loss Account.



**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2019**

**16.13 Fixed Assets, intangible assets and capital work-in-progress**

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.

**16.14 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. Individual assets costing upto Rs 5,000/- are depreciated fully in the year of acquisition. Lease hold improvement is 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	Management Estimate of Useful Life	Useful Life as per the Limits prescribed in Schedule II of the Companies Act, 2013
	Life in Years	Life in Years
Furniture & Fixtures	10	10
IT Equipment - Servers and networks	6	6
IT Equipment - Others	3	3
Vehicles	4	8
Office Equipment	5	5
Electronic Equipment	10	10

**16.15 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 assets 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.

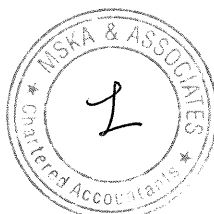
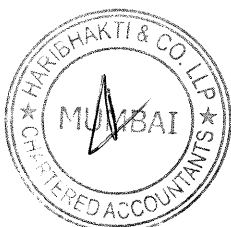
**16.16 Employee Benefits**

**(i) Short term Employee Benefits**

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

**(ii) Provident fund**

Contributions paid / payable to the recognised provident fund, which is a defined contribution scheme, are charged to the revenue(s)/ profit and loss account in the year in which it is incurred.



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
**IRDAI Registration No. 149 dated 22 May, 2012**

**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2019**

**(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 Profit and Loss Account and revenue account as applicable. To the extent the benefit are already vested, past service cost is recognised.

**(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.

**16.17 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(s) / 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(s) / 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.

**16.18 Taxes on income**

Income-tax expense is recognised in profit or loss 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**

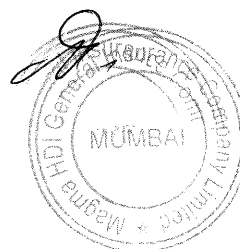
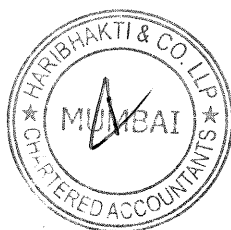
Current tax is measured at the amount expected to be paid to (recovered from) the tax authorities, using the applicable tax rates and tax laws.

**(ii) Minimum alternative tax**

In accordance with the recommendations contained in guidance note issued by Institute of Chartered Accountants of India and, under the provisions of the Income Tax Act, 1961, Minimum alternative tax ('MAT') is recognised as current tax in the profit and loss account. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the year for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

**(iii) 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.



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

**IRDAI Registration No. 149 dated 22 May, 2012**

**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2019**

**16.19 Provisions and Contingent liabilities**

A provision is recognised when an enterprise has 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 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.

**16.20 Earnings per share**

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

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

**16.21 Segment Reporting**

Based on the primary segments identified under the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (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.

**16.22 Share Issue Expenses**

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

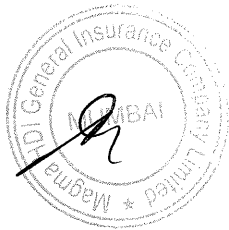
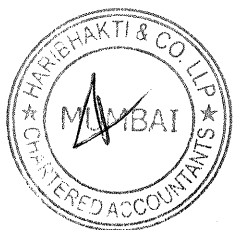
**16.23 Terrorism Pool**

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.

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.

**16.24 Solatium Fund**

In accordance with the requirements of the IRDAI circular dated March 18, 2003 and based on recommendations made at the General Insurance Council meeting held on February 4, 2005, the Company provides for contribution to Solatium Fund established by the Central Government. Further, General Insurance Council in its meeting held on April 1, 2010 recommended that the contribution should be a percentage of gross written third party premiums.



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
**IRDAI Registration No. 149 dated 22 May, 2012**

**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2019**

**16.25 Transfer of amounts to Senior Citizen Welfare fund**

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

**16.26 Contribution to Environment Relief Fund**

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

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

The Employees Stock Option Scheme (the Scheme) provides for grant of the equity shares of the Company to employees. The scheme provides that employees are granted an option to purchase/subscribe to the equity shares of the Company that vest in a graded manner. The options may be exercised within the specified period. The Company follows Fair Value accounting in accordance with the Guidance note on Accounting for Employee Share based payments issued by the Institute of Chartered Accountants of India. Accordingly, the Fair value is spread over the vesting period of the options.

**16.28 Borrowing Costs**

Interest on borrowings is recognised on a 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.

**16.29 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 October 5, 2012, issued by IRDAI.

**16.30 Loans**

Loans are stated at historical cost, subject to provision as per master circular IRDA/F&I/CIR/F&A/231/10/2012 dated October 5th, 2012 and impairment, if any.

**16.31 Operating Lease**

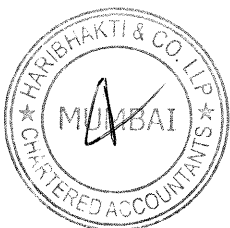
Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments of assets/premises taken on operating lease are recognised as an expense in the revenue account.

**16.32 Allocation of Investment Assets**

Investment assets are bifurcated into policyholders and shareholders funds on notional basis as per IRDAI circular no. IRDA/F&A/CIR/CPM/056/03/2016 dated 04th April, 2016 and IRDA/F&A/CIR/CPM/010/01/2017 dated 12th January 2017. Policyholders funds represent amount equivalent to sum of Outstanding Claims including Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER), Unexpired Risk Reserve (URR), Premium Deficiency, Catastrophe Reserve and Other Liabilities net off other assets as specified by the authority and the balance being disclosed as Shareholders Funds.

**16.33 Cash and Cash Equivalents**

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



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
IRDAI Registration No. 149 dated 22 May, 2012

**SCHEDULE – 17:**

Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2019

**17.1 Contingent Liabilities**

(Rs. in '000)

Particulars	As at 31 March 2019	As at 31 March 2018
1 Partly paid up investments	-	-
2 Underwriting commitments outstanding	-	-
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	-	-
• Goods and Service Tax	-	-
• Income Tax	-	-
6 Reinsurance obligations to the extent not provided for in accounts	-	-
7 Senior Citizens' Welfare Fund	-	-
8 Others	-	-

**17.2 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 March 31, 2019 (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.

**17.3 Encumbrances on Assets**

The assets of the Company are free from any encumbrances except in case of security deposit of Rs. 15,331 thousands (Previous year - Rs. 9,783 thousands) provided by the Company to the lessor under the operating lease agreement and fixed assets (vehicles) of Rs. 4,678 thousands (Previous year - Rs. 2,244 thousands) which is hypothecated under finance arrangement with bank.

**17.4 Capital Commitments**

- There are no commitments made and outstanding for loans and Investments (Previous year - Rs. Nil).
- Estimated amount of commitment pertaining to contracts remaining to be executed in respect of fixed assets (net of advances) is Rs. 11,298 thousands (Previous year - Rs. 21,779 thousands).

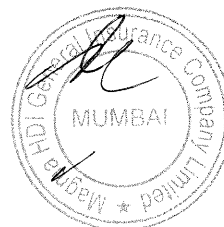
**17.5 Premium**

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

**17.6 Sector wise business based on Gross Direct Premium (GDP)**

Business Sector	Year ended 31 March 2019				Year ended 31 March 2018			
	GDP (Rs. in '000)	No. of Policies	% of GDP	% of Policy	GDP (Rs. in '000)	No. of Policies	% of GDP	% of Policy
Rural	5,649,726	797,866	58.2	67.9	3,134,632	445,938	59.5	67.1
Urban	4,051,389	376,666	41.8	32.1	2,132,311	218,411	40.5	32.9
<b>Total</b>	<b>9,701,115</b>	<b>1,174,532</b>	<b>100.0</b>	<b>100.0</b>	<b>5,266,943</b>	<b>664,349</b>	<b>100.0</b>	<b>100.0</b>

Business Sector	Year ended 31 March 2019			Year ended 31 March 2018		
	GDP (Rs. in '000)	No. of Lives	% of GDP	GDP (Rs. in '000)	No. of Lives	% of GDP
Social	16,176	42,165	0.2	20,932	51,817	0.4



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
IRDAI Registration No. 149 dated 22 May, 2012

**SCHEDULE – 17:**

Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2019

**17.7 Premium Retention & Reinsurance**

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

For the year ended on March 31, 2019

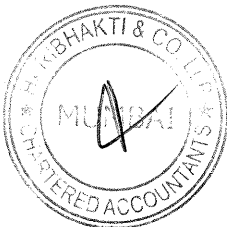
(Rs. in '000)

Particulars	Basis	Gross Premium	Retention	Cession	Retention	Cession
					%	%
Fire	Total Sum Insured	1,119,206	76,538	1,042,668	6.8%	93.2%
Marine Cargo	Value at Risk	265,584	12,304	253,280	4.6%	95.4%
Marine Hull	NA	-	-	-	0.0%	0.0%
Miscellaneous						
Motor	Total Sum Insured	7,465,473	4,270,826	3,194,647	57.2%	42.8%
Engineering	Total Sum Insured	99,402	15,716	83,686	15.8%	84.2%
Public/ Product Liability	Value at Risk	924	295	629	31.9%	68.1%
Workmen's Compensation	Value at Risk	16,176	12,327	3,849	76.2%	23.8%
Health Insurance	Value at Risk	863,317	708,029	155,288	82.0%	18.0%
Personal Accident	Value at Risk	85,242	60,047	25,195	70.4%	29.6%
Other Liability	Value at Risk	285,502	7,910	277,592	2.8%	97.2%
Others	Value at Risk	57,374	5,307	52,067	9.2%	90.8%
<b>Total</b>		<b>10,258,200</b>	<b>5,169,299</b>	<b>5,088,901</b>	<b>50.4%</b>	<b>49.6%</b>

For the year ended on March 31, 2018

(Rs. in '000)

Particulars	Basis	Gross Premium	Retention	Cession	Retention	Cession
					%	%
Fire	Total Sum Insured	752,603	67,541	685,062	9.0%	91.0%
Marine Cargo	Value at Risk	202,469	7,831	194,638	3.9%	96.1%
Marine Hull	NA	-	-	-	0.0%	0.0%
Miscellaneous						
Motor	Total Sum Insured	4,134,265	3,538,069	596,196	85.6%	14.4%
Engineering	Total Sum Insured	61,329	16,551	44,778	27.0%	73.0%
Public/ Product Liability	Value at Risk	327	309	18	94.5%	5.5%
Workmen's Compensation	Value at Risk	20,932	19,793	1,139	94.6%	5.4%
Health Insurance	Value at Risk	167,534	68,189	99,345	40.7%	59.3%
Personal Accident	Value at Risk	31,650	23,621	8,029	74.6%	25.4%
Other Liability	Value at Risk	211,441	9,815	201,626	4.6%	95.4%
Others	Value at Risk	20,258	4,331	15,927	21.4%	78.6%
<b>Total</b>		<b>5,602,808</b>	<b>3,756,050</b>	<b>1,846,758</b>	<b>67.0%</b>	<b>33.0%</b>



**SCHEDULE – 17:**

**Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2019**

**17.8 Reinsurance Regulations**

As per IRDAI (General Insurance - Reinsurance) Regulations, 2016, prior approval from IRDAI is required in case of placement of surplus over and above the domestic reinsurance arrangements. The Company has placed the surplus with one reinsurer outside India in excess of the limit prescribed by IRDAI. In terms of the above Regulations, the Company has submitted to IRDAI the details in respect of its reinsurance treaties including those where reinsurance support exceeds the prescribed limit.

**17.9 Premium Deficiency Reserve**

In accordance with Master Circular and Corrigendum on Master Circular on preparation of financial statement issued by IRDAI vide circular number IRDA/F&I/CIR/F&A/231/10/2012 dated October 5, 2012 and circular number IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013 respectively, in respect of calculation and recognition of premium deficiency, the Company has recognised Premium Deficiency Reserve of Rs. 1,385 thousands (Previous year Rs. 3,742 thousands) on segment level basis.

**17.10 Claims**

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
In India	1,726,075	1,407,969
Outside India	2	-

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. The Company does not have any liability relating to claims where the claim payment period exceeds four years (Previous Year - NIL).

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
More than 6 months	3,284,123	2,725,285
Others	958,640	1,121,980

**17.11 Change in Accounting Policies**

**a. Change in Method of Allocation of Investment Income**

During the year, the Company has changed the method of allocation of Investment income between Policyholder and Shareholder from "average policyholders funds and average shareholders funds to "average policyholders investment assets and average shareholders investment assets".

As a result of above, the Operating profit for the year ended 31st March 2019 is higher by Rs 53,786 thousands.

**b. Change in treatment of Share issue expenses**

Share issue expenses are now adjusted with Share Premium as against earlier policy of charging it off to the Profit and Loss account. Since, the shares are yet to be allotted towards share application money received, amount incurred with respect to Share issue expenses will be adjusted with Share Premium at the time of allotment.

As a result of above, the profit before tax for the year ended 31st March 2019 is higher by Rs 11,134 thousands.

**17.12** Expenses directly identifiable with investment activity amounting to Rs. 1456 thousand (Previous Year - Rs. 1458 thousand) are included under 'Investment Expenses' in the Profit and Loss Account.





SCHEDULE - 17:

Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2019

17.13 Employee Benefit Plans

Defined Contribution Plan

(Rs. in '000)

Expenses on defined contribution plan	Year ended 31 March 2019	Year ended 31 March 2018
Contribution to Staff Provident Fund	33,675	24,453
Contribution to National Pension Scheme	920	-

Defined Benefit Plan - Gratuity

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 March 2019	Year ended 31 March 2018
	Gratuity	Gratuity
Opening defined benefit obligation	22,481	15,051
Current service cost	7,940	6,052
Interest cost	1,581	1,089
Actuarial losses/(gains)	511	637
Benefit paid	(3,992)	(348)
Closing defined benefit obligation	28,521	22,481

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

(Rs. in '000)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	Gratuity	Gratuity
Opening fair value of the plan assets	27,082	13,853
Interest income on plan assets	2,267	1,319
Contributions by employer	8,557	8,669
Actuarial losses/(gains)	-	3,589
Benefit paid	(3,992)	(348)
Closing fair value of the plan assets	33,914	27,082

(c) Net asset/(liability) recognised in the balance sheet

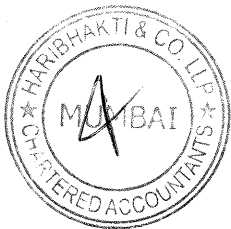
(Rs. in '000)

Particulars	As at 31 March 2019	As at 31 March 2018
	Gratuity	Gratuity
Present value of the defined benefit obligations	(28,521)	(22,481)
Fair value of plan assets	33,914	27,082
Net asset/(liability)	5,393	4,601

(d) Expense recognised in the profit and loss account

(Rs. in '000)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	Gratuity	Gratuity
Current service cost	7,940	6,052
Interest on defined benefit obligation	1,581	1,089
Net actuarial losses/(gains) recognised	511	(2,952)
Interest income on plan assets	(2,267)	(1,319)
Total included in "Employee benefit expenses"	7,765	2,870



SCHEDULE – 17:

Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2019

(e) Summary of actuarial assumptions

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	Gratuity	Gratuity
Discount rate	7.65%	7.72%
Salary increase	5.00%	5.00%
Expected rate of return on plan assets	7.65%	7.72%

- (f) **Discount rate:** The discount rate is based upon the market yields of Government Bonds as at the balance sheet date for estimated term of the obligations.
- (g) **Expected rate of return on plan assets :** This is based on the expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.
- (h) **Salary escalation rate :** The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factors.

(i) Experience adjustments

(Rs. in '000)

Particulars	31 March 2019	31 March 2018	31 March 2017	31 March 2016	31 March 2015
	Gratuity	Gratuity	Gratuity	Gratuity	Gratuity
Present value of defined benefit obligation	(28,521)	(22,481)	(15,051)	(11,150)	(8,544)
Fair value of plan assets	33,914	27,082	13,853	14,302	9,130
Funded Status	5,393	4,601	(1,198)	3,152	586
Experience (gain)/loss adjustment on plan liabilities	244	1,913	(6)	(778)	639
Experience gain/(loss) adjustment on plan assets	-	3,589	(3,400)	-	-
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	267	(1,276)	1,122	41	1,068

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

The contribution expected to be made by the Company during the financial year 2019-20, amounts to Rs. 2,221 thousand (Previous year Rs. 1,569 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. Assumption stated above is applicable for accrued leaves also.

(Rs. in '000)

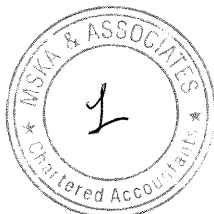
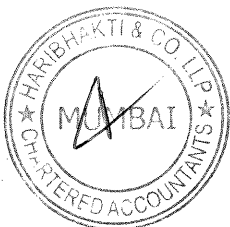
Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Opening Balance	12,271	11,135
Add: Provision made during the year	3,925	1,136
Closing Balance	16,196	12,271

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

17.15 Details of outsourcing, business development and marketing expenses:

(Rs. in '000)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Outsourcing expenses	302,116	370,621
Business development	1,291	14,690
Marketing Expenses	906,853	274,836



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
IRDAI Registration No. 149 dated 22 May, 2012

**SCHEDULE – 17:**

**Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2019**

**17.16 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 March 2019	Year ended 31 March 2018
Payable not later than one year	1,577	7,735
Payable later than one year but not later than five years	394	1,971
Payable later than five years	-	-

- a. Rent expense charged to Revenue account include lease rent paid during the year for non-cancellable leases Rs. 8,285 thousands (Previous year Rs. 7,402 thousands)
- b. The period of agreements ranges between three to nine years and generally renewable thereafter at the option of the lessee.

**17.17 Computation of managerial remuneration**

(Rs. in '000)

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 :

- a. 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:-

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salary, perquisites & allowances (including incentives)	21,122	28,041
Contribution to Provident and other Funds	1,267	1,162
<b>TOTAL</b>	<b>22,388</b>	<b>29,203</b>

Out of the above Rs. 15,000 thousands has been charged to Revenue account and balance has been transferred to Profit & Loss account.

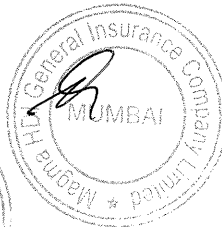
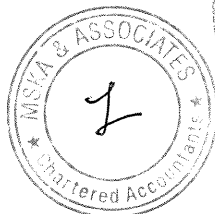
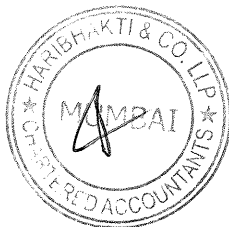
- b. The details of remuneration of Key Management Persons (KMPs) as defined under IRDAI Corporate Governance Guidelines for insurers in India, 2016 are as under :

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salary, perquisites & allowances (including incentives)	88,080	89,367
Contribution to Provident Fund	3,435	3,026
<b>TOTAL</b>	<b>91,515</b>	<b>92,393</b>

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

- c. In addition to above, MD & CEO and KMPs are entitled to Employee Stock Option Plan (ESOP) under the Company's ESOP Scheme.
- d. Fees paid to Non Executive Directors for attending Board / Committee meetings amounted to Rs. 7,190 thousand (Previous Year Rs. 2,220 thousand).

- 17.18** In terms of disclosure requirements of IRDAI Corporate Governance Guidelines for insurers in India, 2016, the value of additional work done by Statutory Auditors is Rs 1,866 thousand (Previous Year Rs 458 thousand).



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

IRDAI Registration No. 149 dated 22 May, 2012

**SCHEDULE - 17:****Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2019**

17.19 During the year, the Company entered into an Excess of Loss (XoL) reinsurance agreement with regard to Motor Third Party liability. As per the terms of the XoL agreement, the Company has ceded a part of the future claims liability to the reinsurer. As a result, the profit for the year ended 31 March, 2019 is higher by Rs. 246,743 thousands.

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. During the current financial year, expenses of management are within the allowable limit on overall basis. However, operating expenses of Rs. 8,992 thousand (Previous Year - Nil) in excess of segmental limits pertaining to Marine, Engineering, Health, Personal Accident & Others segments are transferred to Profit and loss account and are borne by the shareholders.

IRDAI had granted the Company exemption from compliance of Section 40C(1) of the Insurance Act, 1938 read with Rule 17E of the Insurance Rules, 1939 with respect to Expenses of Management, which was applicable till Financial Year 2017-18.

**17.21 a. Share Capital**

During the year, the Company has allotted 1,25,00,000 equity shares (Previous Year - Nil) to existing shareholders under rights issue.

**b. Share Application**

The Company has received Rs. 7,50,000 thousands (Previous Year - Nil) towards share application money under private placement on preferential basis, which is pending allotment as at March 31, 2019.

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

During the year, the Company introduced an Employee Stock Option Scheme, 2018 ('ESOP 2018'). ESOP 2018 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 2018, during the year 885,488 options were granted at an exercise price of Rs. 44.10 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.

No options have been vested / exercised during the year.

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:

Particulars	31 March 2019	31 March 2018
Outstanding at the beginning of the year	-	-
Add: Granted during the year	885,488	-
Less: Forfeited / lapsed during the year	10,997	-
Less: Exercised during the year	-	-
Outstanding at the end of the year	874,491	-

**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.

**Fair Value Methodology**

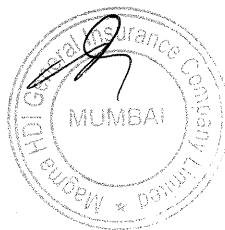
The fair value of options on date of grant i.e on 7 May 2018 has been estimated using Black Scholes Model. The key assumptions used in Black Scholes model for calculating fair value are as follows :-

Particulars	Risk free interest rate	Expected life	Expected volatility	Expected dividend yield
Tranche I	6.56% to 7.23%	2 to 4 Years	28.03%	NIL

**Information in respect of options outstanding as on 31 March 2019**

Particulars	Exercise Price	No. of Options	Weighted Average Remaining Life
Tranche I	44.1	874,491	19 months

Current year being the first year of introduction of ESOP, previous year figures are NIL.



**SCHEDULE - 17:**

Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2019

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

Particulars		Units	As at 31 March 2019	As at 31 March 2018
Profit/(Loss) after Tax	(A)	Rs. '000	14,344	49,068
Weighted average number of equity shares	(B)	Nos.	11,56,16,438	11,25,00,000
Basic earnings per share	(A/B)	Rs.	0.12	0.44
Diluted earnings per share		Rs.	0.12	0.44
Face Value per share		Rs.	10.00	10.00

- 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, 2019 has been certified by the Appointed Actuary and the Mentor to the Appointed Actuary. As per the Certificate, the assumptions considered by them for valuation of liabilities as at 31 March, 2019 are in accordance with the guidelines issued by IRDAI and the Actuarial Practice Standards issued by the Institute of Actuaries of India.

Actuarial Valuation of Liabilities as at 31 March, 2018 was carried out by Panel Actuary (approved by IRDAI) in accordance with the guidelines issued by IRDAI and the Actuarial Practice Standards issued by the Institute of Actuaries of India.

**17.25 Corporate Social Responsibility (CSR)**

As per the Section 135 and Section 198 of the Companies Act, 2013 read with Companies (Amendment) Act, 2017, the Company does not have any obligation under CSR for the current year (Previous Year - Rs. 560 thousand).

**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, 2019 (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, 2019 (Previous Year - Nil).

- 17.28** The Company does not have any long term contracts including derivative contracts wherein the Company is required to make provision towards any foreseeable losses (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 February 4, 2005, the Company has provided 0.1% of gross written premium on all motor third party policies (excluding reinsurance premium accepted on motor third party) towards contribution to the Solatium fund.

During the year, the Company has provided Rs.5,266 thousand (Previous year - Rs.2,632 thousand) as a charge to revenue account on an accrual basis, disclosed under current liabilities.

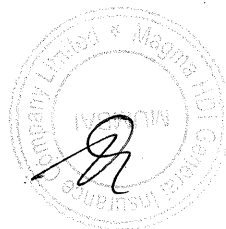
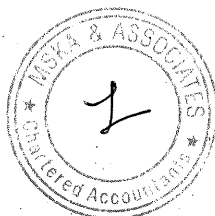
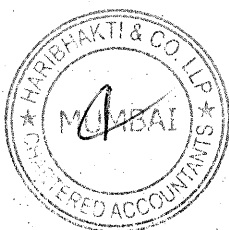
**b. Terrorism Pool**

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 only up to 31 December 2018 (Previous year : upto 31 December 2017).

**c. Environment Relief Fund**

During the year, an amount of Rs. 358 thousand (Previous year Rs. 274 thousand) was collected towards Environment Relief Fund for public liability policies and an amount of Rs. 348 thousand (Previous year Rs. 238 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 Rs. 46 thousand (Previous year Rs. 36 thousand) is included under Current Liabilities in Schedule 13.



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
IRDAI Registration No. 149 dated 22 May, 2012

**SCHEDULE – 17:**

Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2019

**17.30 Solvency Margin**

Particulars		Units	As at 31 March 2019	As at 31 March 2018
Required Solvency Margin under IRDAI Regulations	(A)	Rs. '000	1,526,329	1,065,558
Available Solvency Margin	(B)	Rs. '000	2,413,620	2,143,117
Solvency ratio actual	(B/A)	Times	1.58	2.01
Solvency ratio prescribed by Regulation		Times	1.50	1.50

The Company has received Share application money of Rs. 750,000 thousands in Q4 FY18-19 which is pending allotment as on 31 March 2019. The same has not been included in the computation of available Solvency Margin above. If the same is included, the Solvency ratio of the Company as at 31 March 2019 works out to 2.07.

**17.31 Taxation**

a. 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 realised.

The components of DTA are as under :

(Rs. in '000)

Timing difference on account of	As at 31 March 2019		As at 31 March 2018	
	DTA	DTL	DTA	DTL
Unexpired risk reserve (Rule 6E of Income Tax Rules, 1962)	302,504	-	88,231	-
WDV of Fixed assets	-	(26,024)	-	(17,176)
Expenses disallowed	4,009	-	3,810	-
Provision for doubtful debts and Standard Assets	415	-	-	-
Carry forward losses	-	-	22,753	-
Contribution to Solatium Fund	1,952	-	1,865	-
<b>Total deferred tax asset / (liability)</b>	<b>308,880</b>	<b>(26,024)</b>	<b>116,658</b>	<b>(17,176)</b>
<b>Net deferred tax asset</b>	<b>282,856</b>	<b>-</b>	<b>99,482</b>	<b>-</b>

b. During the year, the Company has recognised MAT Credit Entitlement with respect to tax paid under MAT for A.Y. 2017-18 & A.Y. 2018-19 amounting to Rs 19,657 thousand (Previous Year - Nil).

**17.32 Related Party Disclosures**

Related Party disclosure as at and for the year ended 31st March 2019.

**Names of the related parties and description of relationship**

**Joint Venturer**

Magma Fincorp Limited  
HDI Global SE  
Celica Developers Private Limited  
Jaguar Advisory Services Private Limited

**Subsidiary of Joint Venturer**

Magma Housing Finance Limited (formerly Magma Housing Finance)  
HDI Global Network AG (formerly HDI-Gerling Welt Service AG)  
Magma ITL Finance Limited (Amalgamated with Magma Fincorp Limited w.e.f 01.10.2017)

**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  
Columbine Decorative & Marketing Private Limited (Amalgamated with Magma Consumer Finance Private Limited w.e.f 15.02.2019)

Speed Auto Service Private Limited

Celica Automobiles Private Limited

Caspian Impact Investments Private Limited (w.e.f 21.06.2017)

**Key Management Personnel**

Rajive Kumaraswami, MD & CEO  
Gaurav Parasrampur, CFO  
Kavita Modi, CS

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

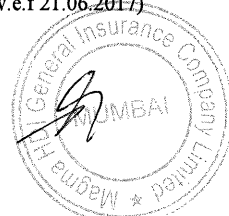
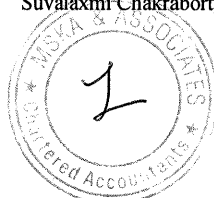
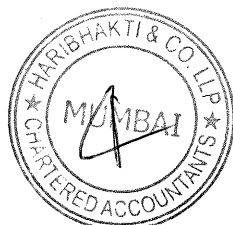
Subramania Kumaraswami, Father of MD & CEO  
Rupa Parasrampur, Spouse of CFO

**Directors**

Mayank Poddar  
Sanjay Chamria  
Kailash Nath Bhandari  
Jens Holger Wohlthat

**Directors**

Rajive Kumaraswami  
V.K. Viswanathan  
Sunil Mitra  
Suvalaxmi Chakraborty (w.e.f 21.06.2017)



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

IRDAI Registration No. 149 dated 22 May, 2012

**SCHEDULE – 17:**

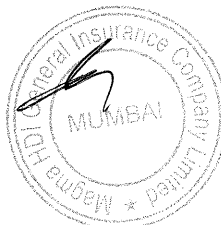
Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2019

(Rs. in '000)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2019	Outstanding amount as at 31 March 2019	Transaction value for the year ended 31 March 2018	Outstanding amount as at 31 March 2018
<b>Joint Venturer</b>					
Magma Fincorp Limited	Equity Share Capital	51,389	398,983	-	352,500
	Share premium	154,167	431,667	-	277,500
	Cash deposit received	2,124,751	84,288	1,632,402	53,601
	Cash deposit adjusted for policy issued	2,096,250	-	1,645,278	-
	Cash deposit refunded	550	-	-	-
	Corporate agent commission	146,663	12,500	128,937	9,021
	Purchase of fixed assets	-	-	8,740	-
	Premium for policy underwritten	1,115	-	1,186	-
	Payment of Claims	1,042	-	1,108	-
	Sharing of expenses	-	-	78,986	-
HDI Global SE	Equity Share Capital	32,500	320,000	-	287,500
	Share premium	97,500	1,275,000	-	1,177,500
	Premium Ceded	343	-	-	-
	Commission income on premium ceded	86	-	-	-
	Reinsurance Balances Payable	-	257	-	-
Celica Developers Private Limited	Equity Share Capital	41,111	297,162	-	260,000
	Share premium	123,333	123,333	-	-
	Share Application Money pending allotment	250,000	250,000	-	-
	Premium for policy underwritten	284	-	424	-
Jaguar Advisory Services Private Limited	Equity Share Capital	-	225,000	-	225,000

(Rs. in '000)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2019	Outstanding amount as at 31 March 2019	Transaction value for the year ended 31 March 2018	Outstanding amount as at 31 March 2018
<b>Fellow Subsidiary</b>					
Magma Housing Finance Limited	Cash deposit received	56,173	11,748	15,854	4,875
	Cash deposit adjusted for policy issued	49,300	-	15,695	-
HDI Global Network AG	Premium on reinsurance ceded	266,375	-	236,502	-
	Claims on reinsurance ceded	118,783	-	216,450	-
	Commission income on premium ceded	36,411	-	33,059	-
	Receipts of reinsurance balances	113,905	-	61,417	-
	Payments of reinsurance balances	133,499	109,518	116,138	27,887
Magma ITL Finance Limited	Cash deposit received	-	-	180,031	2,736
	Cash deposit adjusted for policy issued	-	-	181,043	-



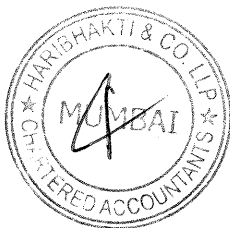
**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
**IRDAI Registration No. 149 dated 22 May, 2012**

**SCHEDULE – 17:**

**Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2019**

(Rs. in '000)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2019	Outstanding amount as at 31 March 2019	Transaction value for the year ended 31 March 2018	Outstanding amount as at 31 March 2018
<b>Private Company in which Director is a Director</b>					
Devsar Vyapaar Private Limited	Premium for policy underwritten	1	-	14	-
CLP Business LLP	Premium for policy underwritten	40	-	-	-
	Payment of Rent	1,576	-	1,182	-
Magma Consumer Finance Private Limited	Premium for policy underwritten	77	-	56	-
	Claims Payment	-	-	297	-
Columbine Decorative & Marketing Private Limited	Premium for policy underwritten	-	-	30	-
Speed Auto Service Private Limited	Premium for policy underwritten	22	-	-	-
Celica Automobiles Private Limited	Premium for policy underwritten	151	-	-	-
Caspian Impact Investments Private Limited	Premium for policy underwritten	20	-	-	-
<b>Key Management Personnel</b>					
Rajive Kumaraswami	Key managerial remuneration	22,388	-	29,203	-
Gaurav Parasrampuria	Key managerial remuneration	9,998	-	9,594	-
	Advances Given	-	-	200	200
Kavita Modi	Key managerial remuneration	1,501	-	1,266	-
<b>Relatives of Key Management Personnel</b>					
Rupa Parasrampuria	Car hiring charges	-	-	195	-
Subramania Kumaraswami	Premium for policy underwritten	2	-	-	-
<b>Directors</b>					
Mayank Poddar	Premium for policy underwritten	11	-	13	-
Rajive Kumaraswami	Premium for policy underwritten	22	-	-	-
Kailash Nath Bhandari	Payment of sitting fess	2,270	-	730	-
Sunil Mitra	Payment of sitting fess	1,750	-	520	-
V K Viswanathan	Payment of sitting fess	2,150	-	640	-
Suvalaxmi Chakraborty	Payment of sitting fess	1,020	-	330	-





**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
**IRDAI Registration No. 149 dated 22 May, 2012**

**SCHEDULE – 17:**

**Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2019**

**17.33 Details of age-wise analysis of the unclaimed amount of the policyholders for the year ended 31 March, 2019**

As per the circular issued by IRDAI vide reference number IRDA/F&A/CIR/Misc/173/07/2017 dated 25 July 2017, below table mentions the age-wise analysis of unclaimed amount of the policyholders as on 31 March 2019:

**As on 31 March 2019**

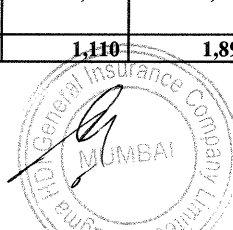
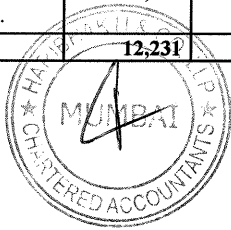
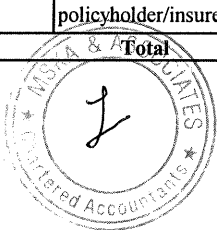
(Rs. in '000)

Sl No.	Ageing	Total Amount	Age Wise Analysis						
			0-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	36-120 months
1	Claims settled but not paid to the policyholders / insured due to any reasons except under litigation from the insured / policyholders.	-	-	-	-	-	-	-	-
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 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.	10,304	1,317	2,596	1,106	1,716	439	435	2,696
4	Cheques issued but not encashed by the policyholder/insured.	18,069	7,159	2,591	1,185	1,024	947	1,771	3,393
<b>Total</b>		<b>28,373</b>	<b>8,476</b>	<b>5,187</b>	<b>2,291</b>	<b>2,740</b>	<b>1,385</b>	<b>2,205</b>	<b>6,089</b>

**As on 31 March 2018**

(Rs. in '000)

Sl No.	Ageing	Total Amount	Age Wise Analysis						
			0-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	36-120 months
1	Claims settled but not paid to the policyholders / insured due to any reasons except under litigation from the insured /	-	-	-	-	-	-	-	-
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 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.	206	99	39	21	8	12	13	14
4	Cheques issued but not encashed by the policyholder/insured.	12,025	4,515	1,407	1,089	1,883	683	679	1,769
<b>Total</b>		<b>12,231</b>	<b>4,614</b>	<b>1,446</b>	<b>1,110</b>	<b>1,891</b>	<b>695</b>	<b>692</b>	<b>1,783</b>



SCHEDULE – 17:

Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2019

Details of unclaimed amounts pertaining to policyholders (IRDAI Circular No.- IRDA/F&A/CIR/FD/Misc/173/07/2017) (Rs. in '000)

Particulars	As at	As at
	31 March 2019	31 March 2018
<b>Opening Balance</b>	<b>12,231</b>	<b>12,074</b>
Add: Amount transferred to unclaimed amount	26,940	9,285
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	460	171
Less: Amount of claims paid during the year	11,258	9,299
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>28,373</b>	<b>12,231</b>

17.34 Previous year figures have been regrouped / reclassified in respect of following items, for better presentation, understanding and comparison with those of the current year.

(Rs. in '000)

Previous Year Grouping		Current Year Grouping		
Description	Schedule	Description	Schedule	Amount
Director Fees	4	"Director Fees" (Regrouped to P&L A/c in current year)	P&L A/c	7,190
Loss on sale / discard of fixed assets	Revenue A/c	"Loss on sale / discard of fixed assets" (Regrouped to P&L A/c in current year)	P&L A/c	1,914
"Other than approved Investments" reclassified to "Debentures/Bonds" in "Other Investments" in previous year	8 & 8A	"Debentures/Bonds" in "Other Investments"	8 & 8A	352,403
"MAT Credit Entitlement" bifurcated from "Advance tax paid and taxes deducted at source (Net of provision for taxation)"	12 Advances	MAT Credit Entitlement	12 Advances	15,697
"Unutilised GST Credit / Service Tax Credit" - regrouped from "Advances" to "Other Assets"	12 Advances	Unutilised GST Credit / Service Tax Credit	12 Other Assets	13,199
"Gratuity (excess of plan assets over obligation)" regrouped from "Other Assets" to "Advances"	12 Other Assets	Gratuity (excess of plan assets over obligation)	12 Advances	4,601
"Employee payable" bifurcated from "Other Payable"	13	Employee payable	13	101,593
"Deposit held on reinsurance ceded" bifurcated from "Balances due to other insurance companies"	13	Deposit held on reinsurance ceded	13	119,674
Receivable against Bank Guarantee regrouped from "Unallocated Premium" under "Current Liabilities" to "Advance recoverable in cash or in kind" under "Advances"	13	Advance recoverable in cash or in kind under Advances	12 Advances	7,525

17.35 a. Segment Reporting

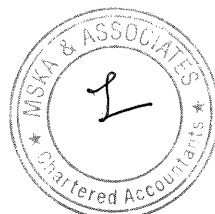
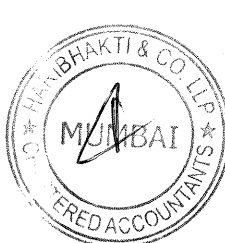
The statement of segment reporting is included in Annexure 1.

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.



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

IRDAI Registration No. 149 dated 22 May, 2012

**SCHEDULE - 17 :**

**Notes to Accounts forming part of the Financial Statements for the year ended 31 March 2019**

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

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

For the Year ended March 31, 2019

(Rs. in '000)

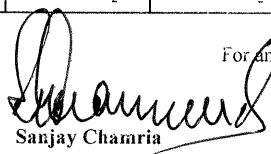
Sl. No.	Authority	Non-compliance / violation	Penalty Awarded	Penalty Paid	Penalty Waived /Received/ Stay Recd.
1	Insurance Regulatory and Development Authority	-	-	-	-
2	Service Tax Authorities	-	-	-	-
3	Income Tax Authorities	-	-	-	-
4	Any other Tax Authorities	-	-	-	-
5	Enforcement Directorate / Adjudicating Authority / Tribunal or any Authority under FEMA	-	-	-	-
6	Registrar of Companies / NCLT/CLB/Department of Corporate Affairs or any Authority under Companies Act, 2013	-	-	-	-
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	-	-	-	-

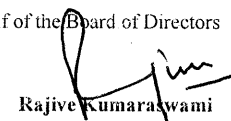
For the Year ended March 31, 2018

(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	-	-	-	-
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	-	-	-	-
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	-	-	-	-

For and on behalf of the Board of Directors

  
**Sanjay Chamria**  
 Chairman  
 DIN No. - 00009894

  
**Rajive Kumaraswami**  
 Managing Director &  
 Chief Executive Officer  
 DIN No. - 07501977

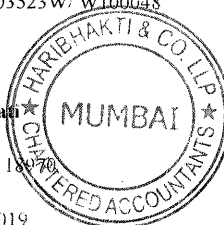
As per our Report of even date attached.

**For Haribhakti & Co. LLP**

Chartered Accountants

Firm Regn. No. 103523W/W100048


  
**Parushottam Nyan**  
 Partner  
 Membership No. 118870

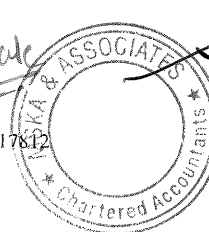


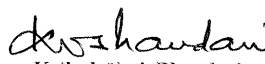
**For MSKA & Associates**

Chartered Accountants

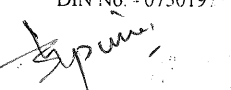
Firm Regn. No. 165047W

  
**Swapnil Kale**  
 Partner  
 Membership No. 117812



  
**Kailash Nath Bhandari**  
 Director  
 DIN No. - 00026078

  
**Sunil Mitra**  
 Director  
 DIN No. - 00113473

  
**Gaurav Parasrampur**  
 Chief Financial Officer

  
**Kavita Modi**  
 Company Secretary  
 Membership No. - A21108

Mumbai, 2 May 2019

SCHEDULE – 17 : Notes to Accounts forming part of the Financial Statements for the year ended 31 March 2019

**Annexure 1**

**Segment Reporting**

**Primary reportable segments**

**Segment Information for the year ended on 31 March 2019**

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.

Particulars	Fire	Marine	MISCELLANEOUS									Total
			Motor	Engineering	Public/ Product Liability	Workmen's Compensation	Health Insurance	Personal Accident	Others			
									Other Liability	Weather	Others	
Premium received in advance	41	963	809,933	400	-	581	78	482	1,125	-	2	813,606
Claims outstanding at the end of the year	125,794	46,980	7,192,496	18,956	588	6,080	272,589	52,792	9,326	-	210,860	7,936,461
Reserve for unexpired risk at the end of the year	109,337	5,572	3,036,612	12,315	220	5,174	275,958	18,603	5,691	-	5,259	3,474,741
Liability for Solatium Fund	-	-	15,389	-	-	-	-	-	-	-	-	15,389
Reserve for premium deficiency	-	1,385	-	-	-	-	-	-	-	-	-	1,385

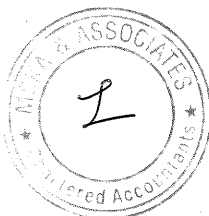
**Segment Information for the year ended on 31 March 2018**

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.

Particulars	Fire	Marine	MISCELLANEOUS									Total
			Motor	Engineering	Public/ Product Liability	Workmen's Compensation	Health Insurance	Personal Accident	Others			
									Other Liability	Weather	Others	
Premium received in advance	41	185	67,405	527	-	452	-	21	713	-	10	69,353
Claims outstanding at the end of the year	93,204	36,576	6,598,327	20,568	648	17,465	4,534	18,217	8,772	-	147,376	6,945,687
Reserve for unexpired risk at the end of the year	94,769	4,663	1,950,118	11,570	155	7,303	58,870	15,595	5,252	-	6,611	2,154,906
Liability for Solatium Fund	-	-	10,123	-	-	-	-	-	-	-	-	10,123
Reserve for premium deficiency	3,128	614	-	-	-	-	-	-	-	-	-	3,742

**Secondary reportable segments**

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



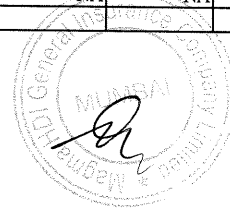
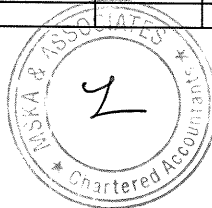
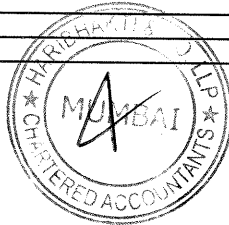
SCHEDULE – 17 : Notes to Accounts forming part of the Financial Statements for the year ended 31 March 2019

Annexure 2

Ratios for the year ended 31 March, 2019

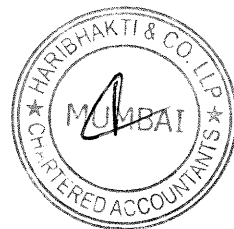
The following ratios have been calculated as per IRDA Circular IRDA/F&I /012/01/2010 dated 28 January 2010 and Corrigendum on master Circular IRDA/F&A/CIR/FA/126/07/2013 dated 3 July 2013.

Sl. No.	Performance Ratio	For the year ended 31 March 2019											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)	65.95%	13.39%	88.72%	80.58%	55.74%	25.38%	-22.72%	385.20%	21.67%		33.91%	180.36%	84.19%
2	Gross Direct Premium to Net Worth Ratio GDPI / Net worth	0.26	0.08	3.11	2.65	0.03	0.00	0.01	0.29	0.01		0.10	0.02	3.44
3	Growth Rate of Net Worth [(Net worth of CY – Net worth of PY)] / Net Worth - PY	NA	NA	NA	NA	NA	NA	NA	NA	NA		NA	NA	22.32%
4	Net Retention Ratio Net Premium / (Gross Direct Premium Income + Reinsurance Accepted)	5.84%	4.63%	57.25%	57.21%	15.81%	31.93%	76.21%	82.01%	70.44%		2.77%	9.25%	50.39%
5	Net Commission Ratio Net Commission / Net Written premium	-54.43%	-107.80%	-4.62%	-4.97%	-1.91%	3.39%	16.54%	-0.68%	7.76%		-300.06%	0.21%	-5.60%
6	Expenses of Management to Gross direct Premium Ratio Expenses of Management/ GDPI	43.55%	31.19%	30.40%	29.54%	38.70%	77.32%	37.02%	35.61%	70.39%		28.69%	36.45%	31.40%
7	Expenses of Management to Net written Premium Ratio Expenses of Management/ NWPI	412.89%	549.28%	52.42%	51.63%	210.13%	107.46%	48.58%	40.88%	45.14%		1026.81%	390.05%	58.94%
8	Net Incurred claims to Net Earned Premium Net Incurred Claims / Net Earned Premium	92.82%	192.80%	69.84%	65.18%	28.62%	-26.09%	-46.52%	91.21%	84.05%		7.70%	1022.21%	70.58%
9	Combined Ratio (Claims, commission plus expenses of management)/ NWPI	NA	NA	NA	NA	NA	NA	NA	NA	NA		NA	NA	112.12%
10	Technical Reserves to Net Premium Ratio (URR + Reserve for premium deficiency + Reserve for outstanding claims including IBNR and IBNER) / Net Written Premium	NA	NA	NA	NA	NA	NA	NA	NA	NA		NA	NA	2.21
11	Underwriting Balance Ratio (Underwriting profit/ loss)/ Net earned premium	NA	NA	NA	NA	NA	NA	NA	NA	NA		NA	NA	(0.26)
12	Operating Profit Ratio (Underwriting Profit/ loss + Investment Income)/ Net Earned Premium	NA	NA	NA	NA	NA	NA	NA	NA	NA		NA	NA	-2.27%
13	Liquid Assets to Liabilities Ratio Liquid Assets / Policyholders liabilities	NA	NA	NA	NA	NA	NA	NA	NA	NA		NA	NA	0.23
14	Net Earning Ratio Profit after tax/ net premium	NA	NA	NA	NA	NA	NA	NA	NA	NA		NA	NA	0.28%
15	Return on Net Worth Profit after tax/ Net Worth	NA	NA	NA	NA	NA	NA	NA	NA	NA		NA	NA	0.51%
16	Available Solvency Margin Ratio to Required Solvency Margin Ratio ASM/RSM	NA	NA	NA	NA	NA	NA	NA	NA	NA		NA	NA	1.58
17	NPA Ratio	NA	NA	NA	NA	NA	NA	NA	NA	NA		NA	NA	NIL



Ratios for the year ended 31 March, 2018

Sl. No.	Performance Ratio	For the year ended 31 March 2018											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)	41.79%	25.51%	24.23%	21.48%	-10.69%	-59.78%	-21.68%	2702.51%	8.58%	10.72%	12.80%	25.56%
2	Gross Direct Premium to Net Worth Ratio GDPI / Net worth	0.19	0.08	2.01	1.79	0.02	0.00	0.01	0.07	0.01	0.09	0.01	2.29
3	Growth Rate of Net Worth [(Net worth of CY – Net worth of PY)] / Net Worth - PY	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	2.18%
4	Net Retention Ratio Net Premium / (Gross Direct Premium Income + Reinsurance Accepted)	8.97%	3.87%	79.19%	85.58%	26.99%	94.50%	94.56%	0.00%	74.63%	4.64%	21.38%	67.04%
5	Net Commission Ratio Net Commission / Net Written premium	-67.03%	-140.28%	-1.69%	-0.67%	-2.39%	44.34%	12.43%	0.00%	16.84%	-188.65%	36.30%	-3.16%
6	Expenses of Management to Gross direct Premium Ratio Expenses of Management/ GDPI	53.75%	33.19%	33.14%	32.58%	42.38%	60.55%	39.59%	42.30%	41.44%	32.24%	36.46%	34.84%
7	Expenses of Management to Net written Premium Ratio Expenses of Management/ NWPI	345.93%	809.87%	41.79%	38.07%	140.30%	64.08%	41.86%	103.92%	55.52%	694.58%	170.56%	48.86%
8	Net Incurred claims to Net Earned Premium Net Incurred Claims / Net Earned Premium	141.72%	44.18%	82.18%	81.71%	-15.40%	49.89%	18.08%	26.11%	44.34%	41.20%	9336.92%	82.97%
9	Combined Ratio (Claims, commission plus expenses of management)/ NWPI	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	120.17%
10	Technical Reserves to Net Premium Ratio (URR + Reserve for premium deficiency + Reserve for outstanding claims including IBNR and IBNER) / Net Written Premium	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	2.42
11	Underwriting Balance Ratio (Underwriting profit/ loss)/ Net earned premium	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	(0.25)
12	Operating Profit Ratio (Underwriting Profit/ loss + Investment Income)/ Net Earned Premium	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-3.38%
13	Liquid Assets to Liabilities Ratio Liquid Assets / Policyholders liabilities	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.25
14	Net Earning Ratio Profit after tax/ net premium	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	1.31%
15	Return on Net Worth Profit after tax/ Net Worth	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	2.13%
16	Available Solvency Margin Ratio to Required Solvency Margin Ratio ASM/RSM	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	2.01
17	NPA Ratio	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NIL



SCHEDULE – 17 : Notes to Accounts forming part of the Financial Statements for the year ended 31 March 2019

Annexure 3

Summary of Financial Statements

(Rs. in '000)

S No.	Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
	<b>OPERATING RESULTS</b>					
1	Gross Direct Premium	9,701,115	5,266,943	4,194,917	4,039,421	4,735,949
2	Net Premium Income*	5,169,299	3,756,050	3,266,321	3,319,470	4,111,712
3	Income from Investments**	919,736	712,490	642,475	596,417	604,931
4	Investment Income from Terrorism Pool	9,761	6,101	3,552	4,053	-
5	Other Income	715	344	4,529	-	-
6	Total Income	6,099,511	4,474,985	3,916,877	3,919,940	4,716,643
7	Commissions (Net) (Including Brokerage)	(289,424)	(118,530)	38,342	115,089	187,351
8	Operating Expenses	2,436,875	1,517,783	1,415,701	1,258,323	1,210,580
9	Net Incurred Claims	2,716,851	2,774,202	2,587,357	3,188,302	3,405,295
10	Contribution to Solatium Fund	5,266	2,632	1,906	1,585	1,754
11	Premium deficiency Reserve	(2,357)	1,767	(13,447)	15,422	-
12	Change in Unexpired Risk Reserve	1,319,835	410,293	(4,573)	(412,775)	50,005
13	<b>Operating Profit / Loss</b>	<b>(87,535)</b>	<b>(113,162)</b>	<b>(108,409)</b>	<b>(246,006)</b>	<b>(138,342)</b>
	<b>NON OPERATING RESULTS</b>					
14	Total income under Shareholder's Account (Net of expenses) #	5,490	173,809	180,106	180,192	224,414
15	<b>Profit/(Loss) before Tax</b>	<b>(82,045)</b>	<b>60,647</b>	<b>71,697</b>	<b>(65,814)</b>	<b>86,072</b>
16	Provision for Income Tax	86,985	11,579	8,670	-	1,415
17	Provision for Deferred Tax	(183,374)	-	-	52,707	26,582
18	<b>Profit/(Loss) after Tax</b>	<b>14,344</b>	<b>49,068</b>	<b>63,027</b>	<b>(118,521)</b>	<b>58,075</b>
	<b>MISCELLANEOUS</b>					
19	Policyholder's Account					
	Total Funds	13,643,142	9,479,860	7,610,219	6,943,172	5,766,719
	Total Investments	13,091,066	9,505,153	6,947,094	6,640,348	5,574,738
	Yield on Investments	8.37%	8.21%	8.46%	8.69%	8.59%
20	Shareholder's Account					
	Total Funds	2,818,951	2,304,607	2,255,538	2,192,512	1,811,033
	Total Investments	1,531,785	1,866,030	2,056,978	2,023,428	2,085,697
	Yield on Investments	8.37%	8.21%	8.46%	8.69%	8.89%
21	Paid up Equity Capital	1,250,000	1,125,000	1,125,000	1,125,000	1,000,000
22	Net Worth	2,818,951	2,304,607	2,255,539	2,192,512	1,811,033
23	<b>Total Assets (Gross of Current Liabilities and Provisions)</b>	<b>18,224,023</b>	<b>12,724,943</b>	<b>10,505,663</b>	<b>9,578,728</b>	<b>8,400,331</b>
24	Yield on Total Investments	8.37%	8.21%	8.46%	8.69%	8.89%
25	Earning Per Share (Rs.)	0.12	0.44	0.56	(1.08)	0.58
26	Book value per share (Rs.)	23	20	20	19	18
27	Total Dividend	-	-	-	-	-
28	Dividend per share (Rs.)	-	-	-	-	-

\* Net of reinsurance

\*\* Net of loss on sale of investments

# Net of Investments Written off for FY18-19

