

# **MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

**ANNUAL REPORT FOR THE  
FINANCIAL YEAR  
2016-2017**

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# MAGMA HDI GENERAL INSURANCE COMPANY LIMITED

## CORPORATE INFORMATION

**Registered Office:** 24, Park Street, Kolkata - 700016  
**CIN:** CIN: U66000WB2009PLC136327  
**Website:** www.magma-hdi.co.in  
**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 (w.e.f. 15.06.2016)*

**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*

### BANKERS

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- Axis Bank Limited
- State Bank of India
- United Bank of India
- ICICI Bank Limited
- Yes Bank Limited
- Kotak Mahindra 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 (w.e.f. 25.11.2016)*

**Ms. Raunak Jha**

*Appointed Actuary (w.e.f. 14.06.2016)*

**Mr. Anand Roop Choudhary**

*Head Legal & Chief Compliance Officer (w.e.f. 07.11.2016)*

**Mr. Raj Kumar Kapoor**

*Chief Internal Auditor*

**Mr. Jinesh 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. Chaturvedi & Shah**

*Chartered Accountants*

912-913, Tulsiani Chambers, 212, Nariman Point  
Mumbai- 400 021

### SECRETARIAL AUDITOR

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**Vinod Kothari & Company**

*Practising Company Secretaries*

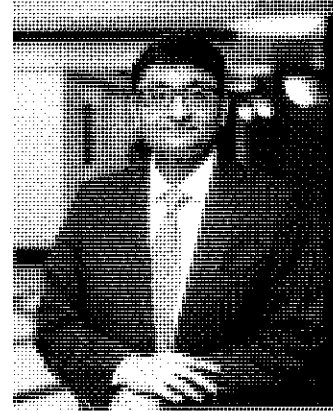
1006-1009, Krishna Building,  
224 A.J.C. Bose Road, Kolkata - 700 017

From the desk of

## Rajive Kumaraswami

Managing Director & CEO

Magma HDI General Insurance Co Ltd



Dear Stakeholders,

In times of global uncertainty, India continues to be a bright spot in the world economy. While the world economy expanded by just 2.2% in 2016, the slowest rate of growth since the Great Recession of 2009, the Indian economy has clocked a GDP growth of 7.1%, slightly lower than the previous year's 7.6%. This growth is attributed to pickup in manufacturing sector growth and a sharp rise in agricultural growth on account of improved monsoon resulting in 4.4% gross value addition by this sector. This is notwithstanding the demonetisation of high-value currency notes in November and the resultant impact on consumption as well as output.

One of the core indicative sectors of the Indian manufacturing – the automotive sector - has experienced an eventful year. Despite various challenges, the automotive sector has grown by 6.8%, witnessing the highest sales of passenger vehicles, utility vehicles, motorcycles and scooters. Passenger vehicle sales in India, crossed the 3 million milestone for the first time in FY 17, with the segment witnessing a growth of 9.2%. The two-wheeler sales during the year stood at 17.6 million units against 16.5 million units in the previous fiscal, up 6.9%.

The general insurance sector in India primarily centred around Motor, Health & now Crop Insurance, has recorded a 32.4% growth by registering a premium income of Rs. 1.276

Neelkonth Corporate Park, 5th Floor, Unit No. 516, 517, Kiroli Village, Vidyavihar West, Mumbai - 400 086 Ph : 022 66022000

Regd. Office: 24 Park Street, Kolkata 700 016

Website: <http://magma-hdi.co.in> | Toll Free No. 1800-3002-3202 | IRDAI Reg. No. 149 dated 22nd May, 2012 | CIN: U66000WB2009PLC136327

trillion during FY 17. The Motor & Health insurance segment that contributed 39.4% & 24.1% respectively in the General Insurance market, continue to register robust growth rates of 18.6% & 23.8% respectively. This high rate of industry growth of 32.4% was majorly attributed to the success of crop insurance, driven by Pradhan Mantri Fasal Bima Yojana (PMFBY).

FY 17 was the year of consolidation for Magma HDI with an objective to improve organisation profitability and improve operating efficiency. This has culminated in few key achievements as follows:

1. Improved loss ratio from 85.8 % in FY'16 to 78.7 % in FY 17
2. Improved combined ratio from 127.3 % in FY'16 to 123.8 % in FY 17
3. Launched Loan Protect – a critical illness product, to be sold through our corporate agent Magma Fincorp
4. Put in place a robust reinsurance program supported by the National Reinsurer & leading Global Reinsurers. The program provides the company larger automatic reinsurance capacities, improved balance sheet protection with improved terms & conditions
5. Implemented revised underwriting guidelines yielding benefits to the commercial business
6. Re-architected the infrastructure platform, improved applications performance and ensured overall applications availability at 99.3%
7. Ensured Best-In-Class Agent Portal with 76% portal utilisation in FY17, up from 24% in FY16, attributed to reduction in manual cover notes & 44% increase in policy issuance

All the initiatives taken in FY 17 are expected to deliver higher productivity, rationalize risks, and improve market share. The company has also strengthened its senior leadership team by recruiting experienced industry professionals. The company would like to grow each of its business verticals and be present in various product classes providing customized product suites and a higher engagement with its intermediaries & clients to withstand economic business cycles.



Moreover going forward, factors such as the likely softening of interest rates, revision in fuel prices, GST implementation and the Union Budget's focus on rural are expected to bring back demand & consumption, resulting in better results for us from business perspective.

Personally, I am looking to an era of high Responsible Growth – a Growth accompanied with responsibility and learning, based on our core values of fairness, respect, integrity, teamwork and excellence in all that we do.

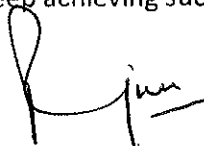

A snapshot of Company performance is as below:

(Rs. in lacs)

Particulars	FY 2017	FY 2016
No. of Policies issued (count)	497,382	3,43,980
Gross Direct Premium Income	41,949	40,394
Earned premium	32,709	37,322
Income from Investments	8,468	7,822
Profit/(Loss) before tax	717	-658
Profit/(Loss) after tax	630	-1,185

Solvency Margin (as on 31 <sup>st</sup> March 2017)	
Magma HDI Solvency Margin	IRDA prescribed limit
207%	150%

Finally, I would like to take this opportunity to thank all our stakeholders, reinsurers, customers, intermediaries, partners and employees for their continuous support and trust in our Company. The year ahead awaits new opportunities. I eagerly look forward to explore these opportunities, keep working on the path of continuous improvement and keep achieving success with better customer and stakeholders' satisfaction.

  
  
**Rajive Kumaraswami**  
**Managing Director & CEO**

**BOARD'S REPORT**

**Dear Shareholders,**

Your Directors have pleasure in presenting the eighth Annual Report of your Company together with the Audited Financial Statements of the Company for the financial year ended 31 March, 2017. The summarized financial results are given below:

**FINANCIAL HIGHLIGHTS**

*(Rupees in lacs)*

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
No. of Policies	4,97,382	3,43,980
Gross Direct Premium Income	41,949	40,394
Earned premium	32,709	37,322
Income from Investments	8,387	7,822
Profit/(Loss) before tax	717	(658)
Profit/(Loss) after tax	630	(1,185)

**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 (Formerly HDI-Gerling Industrie Versicherung AG, Germany).

The Gross Direct Premium Income written by the Company during the year ended 31 March, 2017 is Rs. 41,949 lacs (P.Y. Rs. 40,394 lacs).

During the year under review, the Company operated from 80 locations spread over 18 States and 1 Union Territory across the country.

The Company reported a profit before tax of Rs. 717 lacs during the year (P.Y. loss before tax Rs. 658 lacs) and profit after tax of Rs. 630 lacs (P.Y. loss after tax Rs. 1,185 lacs).

Company's Gross Direct Premium Income in non-motor segment increased to Rs. 7,918 lacs during the current year from Rs. 6,946 lacs in the previous year. Motor segment continues to have the largest share at Rs. 34,031 lacs against Rs. 33,448 lacs in the previous year.

The year 2017 was one for consolidation and the Company has now built a strong foundation which will enable it to grow in the year 2018. This foundation has been built on the back of people, guidelines, processes, technology and adequate and quality reinsurance capacity.

The key areas for focus for 2018 would be to (i) consolidate the strong position the Company has built on the Retail Agency channel (ii) further nurture the Corporate Agency relationship the Company has with Magma Fincorp Limited (iii) invest and create a presence with large and mid-sized Indian corporate customers including multinational clients for commercial business (iv) foray into the health insurance segment.

Through these initiatives the Company intends to diversify its channels of distribution as well as built a well-balanced and diversified product portfolio.

**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 2016-17.

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

Your Company does not have Subsidiary/Associates/Joint-Venture Company as on 31 March, 2017.

**SOLVENCY**

The Company's solvency margin as at 31 March, 2017 stands at 2.07 times, which is well above the prescribed limit as stipulated by Insurance Regulatory & Development Authority (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000 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, 2017. 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, there were no changes in the Share Capital of the Company.

## 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 2016-17 together with a Certificate of Compliance are attached and form part of this Annual Report.

## REINSURANCE

Your Company has a well-structured reinsurance program with an optimum mix of proportional treaties enabling automatic underwriting capacity and non proportional treaties to protect our net retentions.

During FY 2017, the Company has restructured its reinsurance programme which has enhanced the automatic capacities for all lines of business to enable growth in business and also improved the terms and conditions that will provide more flexibility to underwrite new business.

Further, to protect the net retentions against single large losses and natural disasters, it has maintained appropriate individual risk and catastrophe reinsurance protections. During the year, the Company has got its projected net retained exposures modelled by expert agencies to ensure adequacy of limit of catastrophe reinsurance. The Company has gone in for a 1 in 250 years return period protection based on RMS India Earthquake Model. As a result, the Company has significantly increased its protection limits against severe Nat Cat events. Further, the Company has also adequately increased its protection against large TP Losses.

The entire reinsurance program is now supported by more stable and top Reinsurers (like GIC Re, Munich Re, SCOR Re, XL Catlin) in the world which has ensured significant improvement to counter party credit risk.

## INVESTMENTS

The Company follows a prudent investment strategy with emphasis on optimizing returns after considering safety, liquidity and duration mismatch. The Company has a diversified fixed

income portfolio consisting of Sovereign Bonds, Corporate Bonds, Fixed Deposit spread across various companies, groups and industries.

The Investment portfolio of the Company as on 31 March, 2017 stood at Rs. 900 crores compared to Rs. 866 crores as on 31 March, 2016. Out of the total fixed income portfolio (excluding fixed deposits and money market instruments) 77.8% (P.Y. 75.8%) are invested in Sovereign Bonds and highest credit rated securities (AAA or equivalent). In terms of Maturity profile, 12.1% (P.Y. 13.5%) of the portfolio comprises of the short term instruments and 87.9% (P.Y. 86.5%) in longer tenor instruments.

The Company's internal Investment Policy has defined exposure limits for companies, groups and industries in accordance with IRDAI guidelines. The Company has duly complied with these exposure norms during the FY 2016-17. 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.

#### **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.

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year under review, Ms. Janet Gasper Chowdhury, due to her personal preoccupations stepped down as Director of your Company w.e.f. 28 October, 2016. The Board wishes to place on record deep appreciation of the contribution, active involvement, advice and guidance extended by her during her tenure as Director of your Company.

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

Mr. Rajive Kumaraswami (DIN 07501971) joined as the Managing Director & Chief Executive Officer (MD & CEO) of the Company w.e.f. 15 June, 2016. His appointment was approved by the shareholders of the Company at the 7th Annual General Meeting (AGM) held on 17 September, 2016.

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



The brief resume/details relating to 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.

**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 00191219), Mr. Sunil Mitra (DIN 00113473) and Mr. V. K. Viswanathan (DIN 01782934) 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 2017-18.

**MEETINGS**

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

**Board Meetings**

During the financial year 2016-17, four (4) 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 2016-17, the Board had also decided some of the matters by way of resolutions passed by circulation considering the business exigencies or urgency of matters. There were nine (9) resolutions that were 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 and Mr. Sanjay Chamria, as other members. Mr. Kailash Nath Bhandari and Mr. Jens Holger Wohlthat were inducted as members of the Committee w.e.f. 2 May, 2016. During the year four (4) 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 three (3) 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.

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

During the year, a separate meeting of Independent Directors was held on 2 February, 2017 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 2 February, 2017 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 of 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. 20,000/- per meeting of the Board and Rs. 15,000/- per Committee meeting till 2 May, 2016. Thereafter the sitting fees was revised to Rs. 40,000/- per meeting of the Board and Rs. 30,000/- per Committee 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. Familiarisation 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 comprises 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 KRAs 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. <http://magma-hdi.co.in/public-disclosures.aspx>

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

All contracts/arrangements/ transactions covered under Section 188 of the Companies Act, 2013 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 had been 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. The Board now recommends the appointment of M/s. Haribhakti & Co. LLP for ratification by the members at the Annual General Meeting for the financial year 2017-18.

The term of M/s. Chaturvedi & Shah, Chartered Accountants, joint statutory auditor is expiring at the ensuing Annual General Meeting of the Company, therefore your Company is in the process of appointing the joint auditors.

### **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 2016-17.

### **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 2016-17. The Report of the Secretarial Auditor for the financial year ended 31 March, 2017 is annexed herewith as "**Annexure A**".

### **SECRETARIAL AUDITORS' OBSERVATIONS**

The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer. However, the Secretarial Audit Report includes observations on vacancy of the position of Woman Director as required under section 149(1) and Para 5 of the Corporate Governance Guidelines, 2016 issued by IRDAI and Compliance of Guidelines on Indian Owned and Controlled.

Therefore, in this regard it is clarified that your Company had initiated the search of a suitable woman candidate, but the Company was unable to find a prospective candidate with a suitable profile within the time period as mentioned under Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, for the post of a woman director on its Board and that Company is in the process of appointing the women director at the earliest. Further to comply with the requirements of Guidelines on Indian Owned and Controlled, the management of the Company is continuously interacting with IRDAI officials to resolve the same.

#### **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, 2017, 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, 2017 and of the profit or loss of the Company for that period;

- a. 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"). The Company has been accumulating terrorism risk premium retroceded from the pool as reserve for unexpired risk on a conservative basis. With the objective to reflect the financial performance of the Company more appropriately, the Company has changed its existing accounting policy in this respect based on the past claim experience. Accordingly, the Company has carried forward 100% of terrorism risk premium (net of claims and expenses) retroceded to the company during the year to the subsequent accounting period as reserve for unexpired risk and recognized the balance accumulated premium in the Revenue A/c during the year. Had the company continued with the previous policy, the profit before tax for the year ended 31 March, 2017 would have been lower by Rs. 563 lakhs.
- b. During the year, based on internal technical evaluation, the management reassessed the useful life of certain IT Software from 6 years to 10 years w.e.f. 1 April, 2016. Accordingly, the Company has amortized the opening written down value as at 1 April, 2016 and additions made during the year over the remaining useful life of the IT software. Had the Company continued with the previously assessed useful lives, the profit before tax for the year ended 31 March, 2017 would have been lower by Rs.86.09 lakhs.
- 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. 797 lacs (P.Y. Rs. 268 lacs)  
Expenditure in foreign currency is Rs. 7,010 lacs (P.Y. Rs. 3,297 lacs)

## **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.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Pursuant to Section 135(1) of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 your Company had earned net profit exceeding Rs. 500 lacs as on 31 March, 2017 and also fulfils the criteria of having average profits for last 3 years required for CSR spending. Hence, your Company is required to comply with the provisions of CSR as per Companies Act, 2013 for the financial year 2017-18.

Accordingly, your Company will constitute a CSR Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

The CSR Committee, so constituted, will formulate and recommend to your Board, the CSR Policy which will contain the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013. The said Policy once formulated will be available on your Company's website <http://magma-hdi.co.in/>.

## **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/IFRS/038/03/2016 dated 1 March, 2016 all insurers need to comply with the Indian Accounting Standards (Ind AS) for financial statements for financial statements for accounting periods beginning from 1 April, 2018 onwards, with comparatives for the periods ending 31 March, 2018.

The Company has formed a Steering Committee to initiate the implementation process and has duly submitted the proforma financials statements as per Ind AS Rules, 2015 with IRDAI for the period ended 31 December, 2016 and 31 March, 2017.

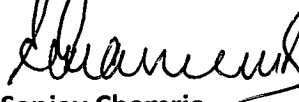
#### **ACKNOWLEDGEMENT**

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.

Place: Mumbai  
Dated: 4 May, 2017

On behalf of the Board of Directors

  
Sanjay Chamria  
Chairman  
DIN 00009894





## VINOD KOTHARI & COMPANY

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[www.india-financing.com](http://www.india-financing.com)  
Unique Code – P1996WB042300  
PAN No - AAMFV6726E  
Service Tax Registration No. - AAMFV6726ESD001  
Udyog Aadhaar Number – WB10D0000448

**Form No. MR-3**

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[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.

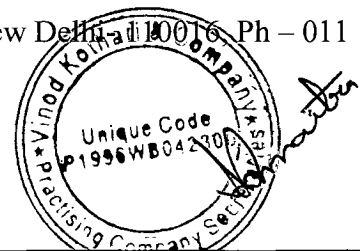
Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company as specified in Annexure I and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial 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, 2016 to March 31, 2017 (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, 2017 according to the provisions of:

1. The Companies 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:
  - The Insurance Act, 1938
  - Insurance Regulatory and Development Authority (Insurance Advertisements and Disclosure) Regulations, 2010
  - (General Insurance - Reinsurance) Regulations, 2000

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**Delhi Office:** A/11, Hauz Khas (Opposite Vatika Medicare), New Delhi-110016, Ph – 011 41315340





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- Insurance Regulatory and Development Authority (Appointed Actuary) Regulations, 2000
- Insurance Regulatory and Development Authority (Obligations of Insurers to Rural Social Sectors) Regulations, 2002
- IRDA (Place of Business) Regulations, 2015;
- IRDAI (Maintenance of Insurance Records) Regulations, 2015;
- IRDA Corporate Governance Guidelines, 2016;
- Other applicable Insurance Regulatory and Development Authority (IRDA) Regulations and Guidelines.

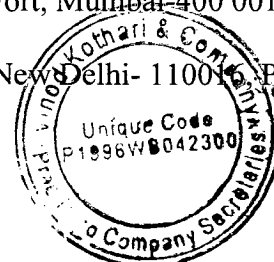
### Management Responsibility:

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.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the following observations:

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*Vinod Kothari*



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### 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.

However, there is no woman director on the Board of the Company as required under section 149(1) and Para 5 of the Corporate Governance Guidelines, 2016 issued by IRDA. We have been informed by the management that while the Company had initiated the search of a suitable woman candidate, but the Company was unable to find a prospective candidate with a suitable profile within the time period as mentioned under Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, for the post of a woman director on its Board. We have been further informed by the management that Company is in the process of appointing the women director at the earliest.

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 notices were given to all directors to schedule the Board Meetings.

All decisions of the board were taken unanimously taken and recorded as part of the minutes.

**We further report that** the Company has systems and processes to ensure compliance with applicable laws, rules, regulations and guidelines.

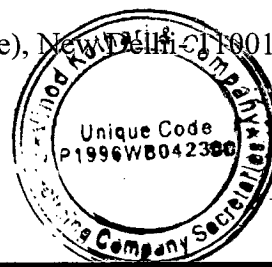
**We further report that** pursuant to the Guidelines issued by IRDA on Indian Owned and Controlled, the composition of the Board and appointment of the KMPs of the Company shall be in accordance with the provisions of clause 4 of the said guidelines. The Company vide letter dated October 18, 2016, has been asked by the IRDA to comply with the said guidelines within a period of 15 days and the board of the Company was apprised about the same in the board meeting dated October 28, 2016. On perusal of the said letter the Board had suggested the Managing Director to seek an extension in this regard from IRDAI.

IRDA on the basis of the request made by the Company had granted the extension of 4 weeks to the Company to comply with the same starting from November 18, 2016. Thereafter, as informed by the

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Company, the management of the Company is continuously interacting with IRDAI officials to resolve the same.

**We further report that** during the Audit Period, the Company has not incurred any specific event/action that can have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**Place: Kolkata**

**Date: 26<sup>th</sup> April, 2017**



*Arun Kumar Maitra*

**Arun Kumar Maitra**

**Membership No.: A3010**

**C P No.: 14490**

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### 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 (2015-16)

##### 1.3 Financial Results up to quarter ended December 31, 2016

##### 1.4 Memorandum and Articles of Association

##### 1.5 Disclosures under the Act, 2013 and as per IRDA Guidelines

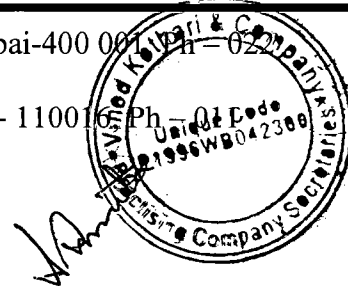
##### 1.6 Policies framed under the Act, 2013 and IRDA Guidelines

##### 1.7 Forms and returns filed with the ROC and IRDA

##### 1.8 Registers maintained under Act, 2013 and as per IRDA

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22614021; 022 30447498

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

**FORM NO. MGT-9**

**Extract of Annual Return as on the financial year ended on 31 March, 2017**

[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	24, Park Street, Kolkata – 700 016 Telephone No. 033-44017200 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 D-511, Bagree Market, 5th Floor 71 B.R.B Basu Road, Kolkata- 700 001 Telephone Nos.: 033-2235 7270/7271 Fascimile No.: 033-2215 6823 e-mail: nichetechpl@nichetechpl.com

**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
	Dem at	Physical	Total	% of Total Shares	Dem at	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.	-	8,37,50,000	8,37,50,000	74.44	-	8,37,50,000	8,37,50,000	74.44	-
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>	-	8,37,50,000	8,37,50,000	74.44	-	8,37,50,000	8,37,50,000	74.44	-
<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.	-	2,87,50,000	2,87,50,000	25.56	-	2,87,50,000	2,87,50,000	25.56	-
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>	-	2,87,50,000	2,87,50,000	25.56	-	2,87,50,000	2,87,50,000	25.56	-
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	-	11,25,00,000	11,25,00,000	100.00		11,25,00,000	11,25,00,000	100.00	-
<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

Neelkanth Corporate Park, 5th Floor, Unit No. 516, 517, Kirol Village, Vidyavihar West, Mumbai - 400 086 Ph : 022 66022000

Regd. Office: 24 Park Street, Kolkata 700 016

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
	Dem at	Physical	Total	% of Total Shares	Dem at	Physical	Total	% of Total Share	
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
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	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Clearing Member	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (B)(2):-</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Neelkanth Corporate Park, 5th Floor, Unit No. 516; 517, Kiroli Village, Vidyavihar West, Mumbai - 400 086 Ph : 022 66022000

Regd. Office: 24 Park Street, Kolkata 700 016

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
	Dem at	Physical	Total	% of Total Shares	Dem at	Physical	Total	% of Total Share	
Total Public Shareholding (B)=(B)(1)+(B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Grand Total (A+B+C)</b>	<b>NIL</b>	<b>11,25,00,000</b>	<b>11,25,00,000</b>	<b>100.00</b>	<b>-</b>	<b>11,25,00,000</b>	<b>11,25,00,000</b>	<b>100.00</b>	<b>NIL</b>

**ii) Shareholding of Promoters and Promoter Group:**

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	3,52,50,000	31.33	0	0
2.	Celica Developers Private Limited	2,59,99,600	23.11	0	2,59,99,600	23.11	0	0
3.	Celica Developers Private Limited Jh: Vanita Chamria	100	0	0	100	0	0	0
4.	Celica Developers Private Limited Jh: Harshvard	100	0	0	100	0	0	0

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Regd. Office: 24 Park Street, Kolkata 700 016

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	
	han Chamria							
5.	Celica Developers Private Limited Jh: Sanjay Chamria	200	0	0	200	0	0	0
6.	Jaguar Advisory Services Private Limited	2,25,00,000	20.00	0	2,25,00,000	20.00	0	0
7.	HDI Global SE (Formerly HDI-Gerling Industrie Versicherung AG)	2,87,50,000	25.56	0	2,87,50,000	25.56	0	0
	<b>Total</b>	<b>11,25,00,000</b>	<b>100</b>	<b>0</b>	<b>11,25,00,000</b>	<b>100</b>	<b>0</b>	<b>0</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

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Jaguar Advisory Services Private Limited	2,25,00,000	20	2,25,00,000	20
HDI Global SE (HDI- Gerling Industrie Versicherung AG)	2,87,50,000	25.56	2,87,50,000	25.56
<b>Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g.allotment/transfer/bonus /sweat equity etc.):</b>	No change during the year			
<b>At the end 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 (Formerly HDI- Gerling Industrie Versicherung AG)	2,87,50,000	25.56	2,87,50,000	25.56

**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 Share holding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/ bonus / sweat equity etc.):</b>	N.A.	N.A.	N.A.	N.A.
	<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.

**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
1	Mr. Sanjay Chamria, Non Executive Director				



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
	At the beginning of the year	200	0.00	200	0.00
	Date wise Increase /Decrease in Shareholding during the Year specifying the reasons for increase/decrease (e.g. allotment / transfer /bonus/ Sweat equity etc.):	-	-	-	-
	At the end of the year	200	0.00	200	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 Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	9.48	NIL	NIL	9.48
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>9.48</b>	<b>NIL</b>	<b>NIL</b>	<b>9.48</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	36.83	NIL	NIL	36.83
Reduction	10.18	NIL	NIL	10.18
<b>Net Change</b>	<b>26.65</b>	<b>NIL</b>	<b>NIL</b>	<b>26.65</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	36.13	NIL	NIL	36.13
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>36.13</b>	<b>NIL</b>	<b>NIL</b>	<b>36.13</b>

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

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

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Regd. Office: 24 Park Street, Kolkata 700 016

Website: <http://magma-hdi.co.in> | Toll Free No. 1800-3002-3202 | IRDAI Reg. No. 149 dated 22nd May, 2012 | CIN: U66000WB2009PLC136327

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager		Total Amount
		Mr. Swaraj Krishnan [MD & CEO upto 14.06.2016]	Mr. Rajive Kumaraswami [MD & CEO w.e.f. 15.06.2016]	
1	Gross salary -			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	9.25	52.43	61.68
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.13	0.23	0.36
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	9.67	68.48	78.15
2	Stock Option	N.A.	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.	N.A.
4	Commission - as % of profit - others, specify...	N.A.	N.A.	N.A.
5	Others, please specify (PF, Gratuity, Exgratia and Annual Performance Bonus)	1.56	142.55	144.11
	<b>Total (A)</b>	<b>20.61</b>	<b>263.69</b>	<b>284.30</b>
	Ceiling as per the Act	As provided under Schedule V read with Rule 7 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of the Act.		

## B – Remuneration to other Directors

### 1. Independent Directors

Sl. No.	Particular of Remuneration	Name of Directors			Total Amount
		Sunil Mitra	K. N. Bhandari	V. K. Viswanathan	
	Fee for attending board / committee meetings	4.55	5.30	5.15	15.00
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (B)(1)</b>	<b>4.55</b>	<b>5.30</b>	<b>5.15</b>	<b>15.00</b>

### 2. Other Non-Executive Directors:

(Rs. in Lacs)

Neelkanth Corporate Park, 5th Floor, Unit No. 516, 517, Kirol Village, Vidyavihar West, Mumbai - 400 086 Ph : 022 66022000

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Sl. No.	Particular of Remuneration	Name of Directors				Total Amount
		Sanjay Chamria	Mayank Poddar	Jens Holger Wohlthat	Janet Gasper Chowdhury [upto 28.10.2016]	
	Fee for attending board / committee meetings	N.A.	N.A.	N.A.	N.A.	N.A.
	Commission	N.A.	N.A.	N.A.	N.A.	N.A.
	Others, please specify	N.A.	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>15.00</b>
	<b>Total Managerial Remuneration</b>	<b>15.00</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 Lacs)

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	33.04	5.73	38.77
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	1.26	0.15	1.41
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	27.32	4.55	31.87
2	Stock Option	N.A.	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.	N.A.
4	Commission			
	- as % of profit	N.A.	N.A.	N.A.
	- others, specify...	N.A.	N.A.	N.A.
5	Others, please specify (PF, Gratuity and Annual Performance Bonus)	10.17	1.40	11.57
	<b>Total (C)</b>	<b>71.79</b>	<b>11.83</b>	<b>83.62</b>

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

Neelkanth Corporate Park, 5th Floor, Unit No. 516, 517, Kirol Village, Vidyavihar West, Mumbai - 400 086 Ph : 022 66022000


Regd. Office: 24 Park Street, Kolkata 700 016

Type	Section of the Companies Act	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

  
Sanjay Chamria  
Chairman  
DIN 00009894

Place: Mumbai  
Dated: 4 May, 2017





## **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 Insurance Regulatory and Development Authority of India (IRDAI) except the fact that the Company is in the process of appointing a Woman Director due to the vacancy caused by the resignation of erstwhile Woman Director. The Board of Directors of the Company consists of Seven (7) Directors, comprising of three (3) Independent Directors, three (3) Non- Executive Director 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 2017 are as follows:

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

Sl. No.	Name of the Director	DIN	Qualification	Field of Specialization	Category
3	Mr. Mayank Poddar	00009409	B.Com	Finance	Promoter, Non-executive Director
4	Mr. Kailash Nath Bhandari	00191219	B.A.L.L.B.	Insurance	Independent, Non-executive Director
5	Mr. Sunil Mitra	00113473	B.SC, IAS	Finance & Economics	Independent, Non-executive Director
6	Mr. V. K. Viswanathan	01782934	B.Com, FCA	Finance & Industry	Independent, Non-executive Director
7.	Mr. Rajive Kumaraswami <sup>1</sup> {Managing Director & Chief Executive Officer (MD&CEO)}	07501971	B.com, FCA, ACMA	Insurance	Professional, Executive Director

### 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 a collective consensus basis amongst the Directors. During the financial year 2016-17, the Board of Directors met four (4) times on 2 May 2016, 28 July 2016, 28 October 2016 and 3 February 2017. 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)	4/4
2	Mr. Jens Holger Wohlthat	4/4
3	Mr. Swaraj Krishnan <sup>2</sup>	1/1
4	Mr. Mayank Poddar	3/4
5	Mr. Kailash Nath Bhandari	4/4
6	Mr. Sunil Mitra	4/4

<sup>1</sup> Inducted as a MD&CEO w.e.f 15 June 2016

<sup>2</sup> Retired as MD&CEO w.e.f. 14 June 2016

Sl. No.	Name of the Director	Meetings Attended/Meetings Held
7	Mr. V. K. Viswanathan	4/4
8	Ms. Janet Gasper Chowdhury <sup>3</sup>	2/2
9	Mr. Rajive Kumaraswami	3/3

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/teleconferencing facilities are used 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 200 Equity shares in the Company as on 31 March 2017. 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. 40,000/- each, for every meeting of the Board attended by them and Rs. 30,000/- each, for every meeting of the Committees 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 2017 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	2,63,68,735	-	2,63,68,735
4	Mr. Mayank Poddar	-	-	-
5	Mr. Kailash Nath Bhandari	-	5,30,000	5,30,000
6	Mr. Sunil Mitra	-	4,55,000	4,55,000
7	Mr. V. K. Viswanathan	-	5,15,000	5,15,000
8	Mr. Swaraj Krishnan	20,60,573	-	20,60,573
9	Ms. Janet Gasper Chowdhury	-	-	-

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

The remuneration paid to Managing Director & Chief Executive Officer (MD&CEO) is recommended by the Nomination and Remuneration Committee (NRC) taking into account various parameters

<sup>3</sup> Ceased to be a member of Board w.e.f. 28 October 2016



included in the Remuneration Policy of the Company. The disclosures pertaining to Schedule V Part II Section II (IV) of Companies Act 2013 are set out in the table below:

Sl. No.	Particulars	Disclosures	
		Category	Amount (in Rs.)
1	all elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors	Basic Salary	66,00,000 p.a.
		Perquisites / Benefits	
		House Rent Allowance	26,40,000 p.a.
		Special Allowance	59,79,696 p.a.
		Medical Allowance	15,000 p.a.
		Leave Travel Allowance	72,000 p.a.
		Provident Fund & Gratuity	11,09,304 p.a.
		Other Perquisites - Books & Periodicals & Telephone	84,000 p.a.
		Car	Car to be provided as per the rules of the Company for the official cum personal use.
		Performance Incentive	Performance Bonus & Long Term Incentive will be paid annually, which shall not exceed the amount as set out in the table below, on fulfilment of business milestones to be mutually agreed between the Company and Mr. Kumaraswami from time to time: <b>(Amount in Rs.)</b>
		<b>Performance Bonus</b>	<b>Long Term Incentive</b>
	Year 1	60 Lacs p.a.	50 Lacs (payable at the end of 12 months from appointment)
	Year 2	60 Lacs p.a.	50 Lacs (payable at the end of 24 months from appointment)
	Year 3	60 Lacs p.a.	100 Lacs (payable at the end of 36 months from appointment)



		Minimum Remuneration	In the absence of or inadequacy of profits in any financial year of the Company during the tenure he shall be entitled to remuneration by way of salary along with perquisites, benefits and other allowances as mentioned above not exceeding such sum as may be prescribed under Schedule V of the Companies Act, 2013 from time to time
2	details of fixed component and performance linked incentives along with the performance criteria	Same as above	
3	service contracts, notice period, severance fees	Appointed for a term of 3 years w.e.f. 15 June 2016 upto 14 June 2019. 3 months' notice period.	
4	stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable	Not Applicable	



## Committees of the Board of Directors:

### Constitution & Composition

The Board has constituted five Committees viz. Audit Committee, Risk Management Committee, Policyholders' Protection Committee, Investment Committee and Nomination and Remuneration 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, members 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 four (4) times during the year on 2 May 2016, 28 July 2016, 28 October 2016 and 2 February 2017. 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	4/4
2	Mr. Sanjay Chamria	Promoter, Non-executive Director	4/4
3	Mr. Sunil Mitra	Independent, Non-executive Director	4/4

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
4	Mr. Kailash Nath Bhandari <sup>4</sup>	Independent, Non-executive Director	3/3
5	Mr. Jens Holger Wohlthat <sup>5</sup>	Promoter, Non-executive Director	3/3

## 2. Investment Committee

The Investment Committee has been constituted pursuant 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 and Mr. Sanjay Chamria being the other Directors members thereof. Mr. Gaurav Parasrampur, Chief Financial Officer (CFO), Mr. Jinesh Shah, Chief Investment Officer Mr. Raunak Jha, Appointed Actuary and Mr. Amit Bhandari, Chief Technical Officer & Chief Risk Officer are also other members of the Investment Committee. The composition of the Committee is as per the Corporate Governance Guidelines issued by IRDAI.

<sup>4</sup> Inducted as a member w.e.f 2 May 2016

<sup>5</sup> Inducted as a member w.e.f 2 May 2016



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

The Investment Committee met four (4) times during the year on 2 May 2016, 28 July 2016, 28 October 2016 and 2 February 2017 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	Mr. Gaurav Parasrampurua	Chief Financial Officer	4/4
5	Mr. Jinesh Shah	Chief Investment Officer	4/4
6	Mr. Rajive Kumaraswami <sup>6</sup>	Managing Director & Chief Executive Officer	3/3
7	Ms. Raunak Jha <sup>7</sup>	Appointed Actuary	3/3
8	Mr. Swaraj Krishnan <sup>8</sup>	Managing Director & Chief Executive Officer	1/1
9	Mr. Amit Bhandari <sup>9</sup>	Chief Technical Officer & Chief Risk Officer	1/1

**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.

<sup>6</sup> Inducted as a member w.e.f. 20 June 2016

<sup>7</sup> Inducted as a member w.e.f. 20 June 2016

<sup>8</sup> Retired as MD&CEO w.e.f. 14 June 2016

<sup>9</sup> Inducted as a member w.e.f. 2 February 2017



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. Analyze 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.

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

The Committee met four (4) times during the year on 2 May 2016, 28 July 2016, 28 October 2016 and 2 February 2017. 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

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
3	Mr. V. K. Viswanathan	Independent, Non-executive Director	4/4
4	Mr. Swaraj Krishnan <sup>10</sup>	Managing Director & Chief Executive Officer	1/1
5	Mr. Rajive Kumaraswami <sup>11</sup>	Managing Director & Chief Executive Officer	3/3

#### 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.

<sup>10</sup> Retired as MD&CEO w.e.f. 14 June 2016

<sup>11</sup> Inducted as a member w.e.f. 20 June 2016



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**

During the financial year 2016-17, the Risk Management Committee has been converted into a Board Committee and the members of the revised Committee are Mr. Jens Holger Wohlthat, Non-Executive Director, who is the Chairman of the Risk Management Committee, Mr. Sanjay Chamria, Non-Executive Director, Mr. Kailash Nath Bhandari, Mr. V. K. Viswanathan, Independent Director and Mr. Rajive Kumaraswami, MD & CEO are the other members.

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

The Risk Management Committee met four (4) times during the year on 2 May 2016, 11 August 2016, 28 October 2016 and 2 February 2017. 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) <sup>12</sup>	Promoter, Non-executive Director	2/2
2	Mr. Sanjay Chamria <sup>13</sup>	Promoter, Non-executive Director	2/2
3	Mr. V. K. Viswanathan <sup>14</sup>	Independent Director	2/2
4	Mr. Kailash Nath Bhandari <sup>15</sup>	Independent Director	2/2
5	Mr. Rajive Kumaraswami <sup>16</sup>	Managing Director & Chief Executive Officer	2/2
6	Mr. Vikas Mittal <sup>17</sup>	Chief Sales Officer	2/2
7	Mr. Gaurav Parasrampur <sup>18</sup>	Chief Financial Officer	2/2
8	Mr. Debasis Sanyal <sup>19</sup>	National Head – Agency & Retail Sales	2/2
9	Mr. Somnath Ghosh <sup>20</sup>	National Head – Claims	2/2
10	Mr. Debapratim Guha <sup>21</sup>	General Manager - HR	2/2
11	Mr. Swaraj Krishnan <sup>22</sup>	Managing Director & Chief Executive Officer	1/1
12	Mr. Marut Dhar <sup>23</sup>	Head - Claims & Operations	2/2
13	Mr. Prasun Sarkar <sup>24</sup>	Chief Risk Officer	-
14	Mr. Jeetendra Sahu <sup>25</sup>	Compliance Officer	2/2

## 5. Nomination & Remuneration Committee

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

### a. Terms of Reference

<sup>12</sup> Inducted as the Chairman w.e.f. 18 August 2016

<sup>13</sup> Inducted as the member w.e.f. 18 August 2016

<sup>14</sup> Inducted as a member w.e.f. 18 August 2016

<sup>15</sup> Inducted as a member w.e.f. 18 August 2016

<sup>16</sup> Inducted as a member w.e.f. 18 August 2016

<sup>17</sup> Ceased to be a member w.e.f. 18 August 2016

<sup>18</sup> Ceased to be a member w.e.f. 18 August 2016

<sup>19</sup> Ceased to be a member w.e.f. 18 August 2016

<sup>20</sup> Ceased to be a member w.e.f. 18 August 2016

<sup>21</sup> Ceased to be a member w.e.f. 18 August 2016

<sup>22</sup> Retired as MD&CEO w.e.f. 14 June 2016

<sup>23</sup> Ceased to be a member w.e.f. 18 August 2016

<sup>24</sup> Ceased to be a member w.e.f. 2 May 2016

<sup>25</sup> Ceased to be a member w.e.f. 18 August 2016

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, Non-Executive & Independent Directors and Mr. Sanjay Chamria, Mr. Jens Holger Wohlthat, 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 three (3) times during the year on 2 May 2016, 28 October 2016 and 2 February, 2017. 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	3/3
2	Mr. V. K. Viswanathan	Independent, Non-executive Director	3/3
3	Mr. Sanjay Chamria	Promoter, Non - Executive Director	3/3
4	Mr. Jens Holger Wohlthat	Promoter, Non - Executive Director	3/3

**6. Management Committee**

**a. Terms of Reference**

- To decide on matters relating to registration of Lease Agreement / obtaining Electricity connection, landline telephone connection / transferring old as well as new connection /obtaining Trade License and Certificate under Shops and Establishment Act / deal with PF & ESI, Income Tax, Service Tax, VAT and such other tax matters of the Company and for this purpose issue Power of Attorneys, if required in favour of such person or persons as the Committee may deem fit and proper for legal and administrative purposes from time to time.
- Authorised to do all such acts, deeds and things and decide on all such matters relating to Opening and Closing of Current/Cash Credit Account and Inclusion and Deletion of the Authorised Signatories to the said Current/Cash Credit Account opened in the name of the Company with the Banks.



3. To issue Power of Attorney(s) in favour of such persons as it may be deemed to be fit and expedient to act as true and lawful Attorney of the Company to, inter alia, represent, the Company before the courts, civil or criminal, tribunals, quasi-judicial and statutory authorities and such other forums (the 'Authorities'), to verify all plaints, written statements, and other pleadings, applications, petitions or documents to be submitted to such Authorities; to receive and acknowledge notice(s) and to consent or submit to or appeal against, any judgment, order or award in any such suit, criminal case including complaints, action or proceedings before such Authorities; to compromise or discontinue any such suit, criminal cases including complaints, action or proceedings; to deposit, withdraw and receive documents and any money or monies to and from the court or any such suit, or any such authorities either in execution of decree or otherwise and sign and deliver proper receipts thereof and to engage and appoint any solicitor, advocate or advocates or counsel to act and plead and otherwise conduct the cases / legal proceedings instituted by or against the Company, for all the offices of the Company from time to time as may be required.
4. To avail credit facilities from Banks within the limit as may be prescribed by the Board of Directors of the Company from time to time and authorize such person(s) as the Committee may deem fit to sign and execute on behalf of the Company, such documents, deeds, notes, letters, agreements in respect of the aforesaid avilment of the Loan or any disbursement(s)/interim disbursement(s) thereof from the Bank, and to make or accept amendments in the documents relating to the above credit facilities from time to time on such terms and conditions as the said Committee may deem fit.
5. Exercise such powers which may be delegated by the Board from time to time subject to provisions of Companies Act, 1956, Memorandum and Articles of Association.

**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 seven (7) times during the year on 16 May 2016, 19 July 2016, 2 September 2016, 31 October 2016, 11 January 2017, 7 February 2017 and 3 March 2017. 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	7/7
2	Mr. Mayank Poddar	Promoter, Non -	4/7

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
		Executive Director	
3	Mr. Rajive Kumaraswami <sup>26</sup>	Managing Director & Chief Executive Officer	4/6
4	Mr. Swaraj Krishnan <sup>27</sup>	Managing Director & Chief Executive Officer	1/1

## 7. Separate Meeting of Independent Directors'

During the financial year 2016-17, a separate meeting of Independent Directors (IDs) was held on 2 February 2017 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 2016-17, following Key Management Persons joined the core management team of the Company at various positions. The appointments of the said KMPs were made with the approval of Board of Directors on recommendation of the NRC of the Company. IRDAI approval has also been taken for the appointment of Managing Director & Chief Executive Officer and Appointed Actuary.

<sup>26</sup> Inducted as member w.e.f. 20 June 2016

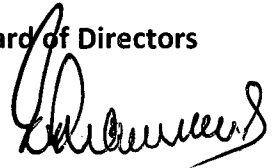
<sup>27</sup> Retired as MD&CEO w.e.f. 14 June 2016

Sl. No.	Name	Designation
1	Mr. Rajive Kumaraswami	Managing Director & Chief Executive Officer
2	Mr. Amit Bhandari	Chief Technical Officer and Chief Risk Officer
3	Ms. Raunak Jha	Appointed Actuary
4	Mr. Anand Roop Choudhary	Head Legal and Chief Compliance Officer

**Compliance Officer**

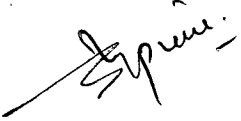
Ms. Kavita Modi, Company Secretary of the Company has been designated as a Compliance Officer to monitor and ensure compliance of the IRDAI Corporate Governance Guidelines.

On behalf of the Board of Directors



**Sanjay Chamria**  
Chairman  
(DIN 00009894)

Date: 4 May, 2017  
Place: Mumbai



**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: 4 May, 2017

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, 2017:

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 there has been no transfer of shares during the year and the shareholding pattern during the year is in accordance with the 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. The Company's solvency margin as at 31 March 2017 stands at 2.07 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 '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:-



Neelkanth Corporate Park, 5th Floor, Unit No. 516, 517, Kiroli Village, Vidyavihar West, Mumbai - 400 086 Ph : 022 66022000

Regd. Office: 24 Park Street, Kolkata 700 016

Website: <http://magma-hdi.co.in> | Toll Free No. 1800-3002-3202 | IRDAI Reg. No. 149 dated 22nd May, 2012 | CIN: U66000WB2009PLC136327

## Ageing of Claims outstanding

(Rs in Lacs)

Financial Year 2016-17	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
Upto 30 days	6	40.03	34	109.52	708	1179.12
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>

Financial Year 2015-16	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
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>

Financial Year 2014-15	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
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>

Financial Year 2013-14	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
Up to 30 days	1	45.00	14	21.06	693	767.81
31 days to 6 months	3	2.24	8	124.50	576	2,165.10
6 months to 1 year	-	-	1	150.50	21	209.24
1 year to 5 years	-	-	1	0.35	-	-
5 years and above	-	-	-	-	-	-
<b>Total</b>	<b>4</b>	<b>47.24</b>	<b>24</b>	<b>296.41</b>	<b>1290</b>	<b>3,142.15</b>

Financial Year 2012-13	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
Up to 30 days	-	-	-	-	175	172.20
31 days to 6 months	-	-	-	-	87	129.91
6 months to 1 year	-	-	-	-	-	-
1 year to 5 years	-	-	-	-	-	-
5 years and above	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>262</b>	<b>302.11</b>

## Average Claims Settlement time

Class of Business	Trend in average claim settlement time for various segments									
	FY 2016-17		FY 2015-16		FY 2014-15		FY 2013-14		FY 2012-13	
	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	131	156	116	129	28	113	16	81	-	-
Marine Cargo	2075	29	1081	54	963	41	43	41	-	-
Miscellaneous	21697	38	31416	31	25149	28	10044	30	482	30
<b>Grand Total</b>	<b>23903</b>	<b>38</b>	<b>32613</b>	<b>32</b>	<b>26140</b>	<b>29</b>	<b>10103</b>	<b>30</b>	<b>482</b>	<b>30</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.
12. The Management of Magma HDI General Insurance Company Limited certifies that:
  - a) 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.
  - b) 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.
    - (i) 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"). The Company has been accumulating terrorism risk premium retroceded from the pool as reserve for unexpired risk on a conservative basis. With the objective to reflect the financial performance of the Company more appropriately, the Company has changed its existing accounting policy in this respect based on the past claim experience. Accordingly, the Company has carried forward 100% of terrorism risk premium (net of claims and expenses) retroceded to the company during the year to the subsequent accounting period as reserve for unexpired risk and recognized the balance accumulated premium in the Revenue A/c during the year. Had the company continued with the previous policy, the profit before tax for the year ended 31 March, 2017 would have been lower by Rs. 563 lakhs.
    - (ii) During the year, based on internal technical evaluation, the management reassessed the useful life of certain IT Software from 6 years to 10 years w.e.f. 1 April, 2016. Accordingly, the Company has amortized the opening written down value as at 1 April, 2016 and additions made during the year over

the remaining useful life of the IT software. Had the Company continued with the previously assessed useful lives, the profit before tax for the year ended 31 March, 2017 would have been lower by Rs.86.09 lakhs.

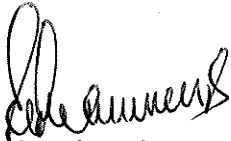
- c) The management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938, (4 of 1938) / Companies Act, 2013, (1 of 2013), for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The management has prepared the financial statements on a going concern basis.
- e) The management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

13. Details of payments during the financial year to individuals, firms, companies and organisations in which directors are interested excluding reimbursement.

(Rs. in Lacs)

Sr. No.	Entity in which Director is interested	Name of Director	Interested as	Amount (Rs. in lacs)	Nature of Payments
1	Magma Fincorp Limited	Sanjay Chamria	Vice Chairman & MD	816.05	Corporate Agent Commission
				1008.32	Sharing of Expenses
2	HDI-Gerling Welt Service AG	Jens Holger Wohlthat	Chairman	4527.67	Payment for reinsurance ceded

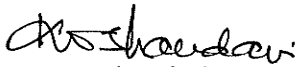
For and on behalf of the Board of Directors



**Sanjay Chamria**  
Chairman



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



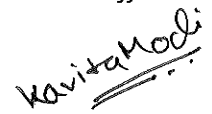
**K. N. Bhandari**  
Director



**Gaurav Parasrampur**  
Chief Financial Officer



**Sunil Mitra**  
Director



**Kavita Modi**  
Company Secretary

Place: Mumbai

Date: 4 May, 2017

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

**Chaturvedi & Shah**  
Chartered Accountants  
714-715, Tulsiani Chambers  
212, Nariman Point  
Mumbai - 400 021

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

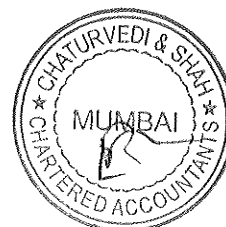
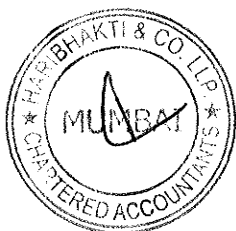
1. We have audited the accompanying financial statements of **Magma HDI General Insurance Company Limited** (the "Company") which comprise the Balance Sheet as at March 31, 2017, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account for the year then ended, and a summary of significant accounting policies and other explanatory information, annexed thereto.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and receipts and payments of the Company in accordance with the requirements of the Insurance Act, 1938 as amended by 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 Regulations"), order/ directions, circulars, guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI) in this regard and in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and in the manner so required. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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.

### Auditors' Responsibility

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



5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

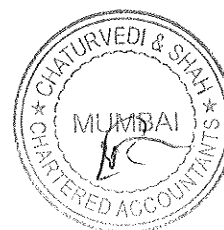
8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements are prepared in accordance with the requirements of the Insurance Act, the IRDA Act, the Regulations and the Act to the extent applicable and in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, as applicable to insurance companies:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
  - (b) in the case of the Revenue Accounts, of the net surplus for the year ended on that date;
  - (c) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - (d) in the case of the Receipts and Payments Account, of the receipts and payments for the year ended on that date.

### Other Matters

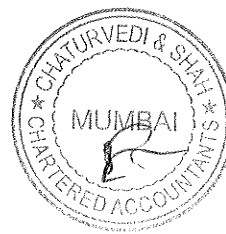
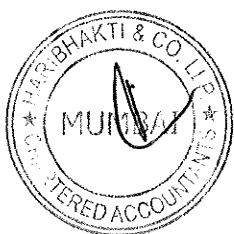
9. The actuarial valuation of liabilities in respect of Incurred But Not Reported ('IBNR') and Incurred But Not Enough Reported ('IBNER') as at March 31, 2017, has been duly certified by the Appointed Actuary and the Mentor to the Appointed Actuary of the Company. They have also certified that, in their opinion, the assumptions considered for such valuation are in accordance with the guidelines and norms prescribed by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. We have relied upon the aforesaid certificate from the Appointed Actuary and Mentor to the Appointed Actuary while forming our opinion on the Financial Statements of the Company.

### Report on Other Legal and Regulatory Requirements

10. As required by the Regulations, we have issued a separate certificate dated May 04, 2017 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the Regulations.
11. Further, to our comments in the Certificate referred to in Paragraph 10 above, as required under the Regulations, read with Section 143 (3) of the Act, we report that:

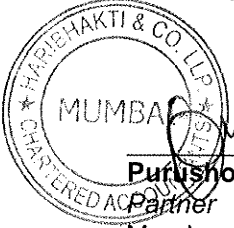



- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;
- (b) In our opinion and to the best of our information and according to the explanations given to us, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) As the Company's financial accounting system is centralized at Head Office, no returns for the purposes of our audit are prepared at the branches and other offices of the Company;
- (d) The Balance Sheet, the Revenue 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, and the 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 accounting policies selected by the Company are appropriate and are in compliance with the Accounting Standards referred to in Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders / directions issued by the IRDAI in this behalf;
- (g) 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 referred to in Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders/directions issued by IRDAI in this regard;
- (h) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of Company's internal financial controls over financial reporting; and
- (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note 1 of Schedule 17 to the financial statements;
- ii. The Company does not have any long term contracts including derivative contract for which there were any material foreseeable losses. Refer Note 22 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 the year ended March 31, 2017. Refer Note 21 of Schedule 17 to the financial statements



iv. The disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30th March 2017 regarding disclosure as to holdings and dealings in Specified Bank Notes is not applicable to the Company. Refer Note 13 of Schedule 17 to the financial statements.

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



  
\_\_\_\_\_  
**Purushottam Nyati**  
Partner

Membership No. 118970

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Registration No. 101720W



\_\_\_\_\_  
**Lalit R. Mhalsekar**  
Partner

Membership No. 103418

Place: Mumbai  
Date: May 04, 2017





## **ANNEXURE 1 TO THE INDEPENDENT AUDITORS' REPORT**

[Referred to in paragraph 11 (i) under 'Report on Other Legal and Regulatory Requirements' in 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, 2017]

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

We have audited the internal financial controls over financial reporting of Magma HDI General Insurance Company Limited ("the Company") as of March 31, 2017 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**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

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

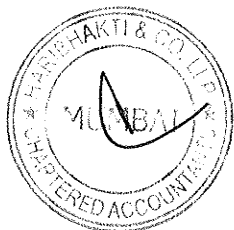
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect



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

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

### **Other Matter**

The actuarial valuation of liabilities with respect to claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) as at March 31, 2017 has been duly certified by the Appointed Actuary of the Company as per regulations. The said valuations has been relied upon by us as mentioned in para 9 of our Audit Report on the financial statements for the year ended March 31, 2017. Accordingly our opinion on the internal financial controls over financial reporting, does not include reporting on the adequacy and operating effectiveness of the internal controls over the valuation and accuracy of the aforesaid actuarial liabilities.

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



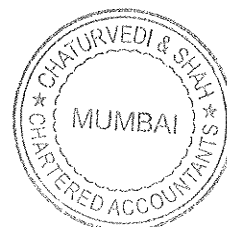
**Prashottam Nyati**  
Partner  
Membership No. 118970

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Registration No.101720W

A handwritten signature in black ink, appearing to read "Lalit R. Mhalsekar".

**Lalit R. Mhalsekar**  
Partner  
Membership No. 103418

Place: Mumbai  
Date: May 04, 2017



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

**Chaturvedi & Shah**  
Chartered Accountants  
714-715, Tulsiani Chambers  
212, Nariman Point  
Mumbai - 400 021

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**To the Members of Magma HDI General Insurance Company Limited**

(Certificate referred to in paragraph 10 of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditors' Report dated May 04, 2017)

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 "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 Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "Regulations"), orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI"). This includes collecting, collating and validating data and designing, implementing and monitoring of internal controls suitable for ensuring compliance with the Provisions of Paragraph 3 & 4 of Schedule C of the Regulations and provides all relevant information to Insurance Regulatory and Development Authority of India (IRDAI).

**Auditor's Responsibility**

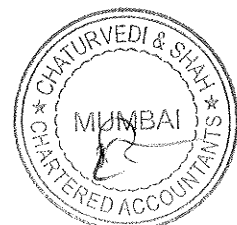
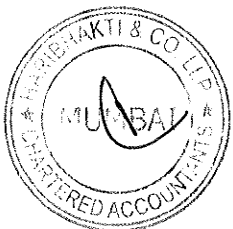
Pursuant to the requirements of Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, (the "Regulations"), our responsibility, for the purpose of this certificate, is to provide reasonable assurance on matters contained in paragraphs 3 and 4 of Schedule C of the Regulations.

The following documents have been furnished by the Company:

- a) Management Report attached to the financial statements for the year ended March 31, 2017
- 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, 2017
- d) Holding Statement as at March 31, 2017 issued by the Company's custodial for Investments
- e) Management Representation

We have performed the following procedures:-

- a) Reviewed the management report attached to the financial statements for the year ended March 31, 2017;
- b) Verified the cash balances, to the extent considered necessary and securities relating to Company's loans and investments as at March 31, 2017, 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) Relied on Management representations.

We conducted our procedures in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the 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.

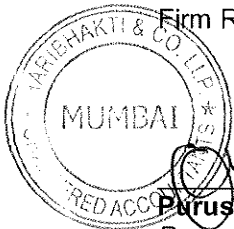
We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.

### Opinion

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

- 1) There are no apparent mistakes or material inconsistencies in the management report attached 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, 2017, by actual inspection and on the basis of certificates/confirmations received from the third parties/Custodians and/Depository Participants appointed by the Company, as the case may be;
- 4) The Company is not a trustee of any trust; and
- 5) No part of the assets of the Policyholders' Funds has been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 relating to the application and investments of the Policyholders' Funds.

For **Haribhakti & Co. LLP**  
Chartered Accountants  
Firm Registration No. 103523WW100048

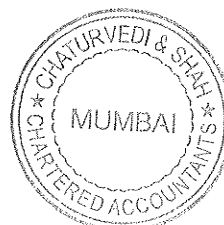


**Purushottam Nyati**  
Partner  
Membership No. 118970

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Registration No.101720W

**Lalit R. Mhalsekar**  
Partner  
Membership No. 103418

Place: Mumbai  
Date: May 04, 2017



FORM B-BS

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

BALANCE SHEET AS AT 31 MARCH 2017

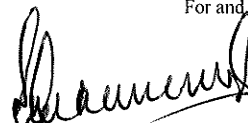
(Rs in '000)

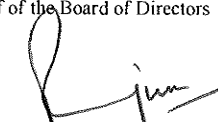
Particulars	Schedule	As at 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2016
<b>SOURCES OF FUNDS</b>					
Share capital	5		1,125,000		1,125,000
Reserves and surplus	6		1,455,000		1,455,000
Fair value change account			385		434
Borrowings	7		3,613		948
<b>TOTAL</b>			<b>2,583,998</b>		<b>2,581,382</b>
<b>APPLICATION OF FUNDS</b>					
<b>Investments</b>					
Investments - Shareholders Funds	8	2,056,978		2,079,257	
Investments - Policyholders Funds	8A	6,947,094		6,584,519	
<b>Total Investments</b>			<b>9,004,072</b>		<b>8,663,776</b>
Loans	9		-		-
Fixed assets	10		149,704		62,047
Deferred tax asset			99,482		99,482
<b>Current Assets</b>					
Cash and bank balances	11	168,149		115,362	
Advances and other assets	12	1,075,466		638,061	
<b>Sub-Total (A)</b>		<b>1,243,615</b>		<b>753,423</b>	
Current liabilities	13	6,469,274		5,613,828	
Provisions	14	1,768,062		1,771,006	
<b>Sub-Total (B)</b>		<b>8,237,336</b>		<b>7,384,834</b>	
<b>Net Current Assets (C) = (A - B)</b>			<b>(6,993,721)</b>		<b>(6,631,411)</b>
Miscellaneous expenditure (to the extent not written off or adjusted)	15		-		-
Debit Balance in Profit and Loss Account			324,461		387,488
<b>TOTAL</b>			<b>2,583,998</b>		<b>2,581,382</b>

Significant Accounting Policies 16  
Notes to Financial Statement 17

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

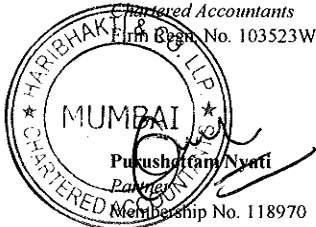
For and on behalf of the Board of Directors

  
Sanjay Chamria  
Chairman

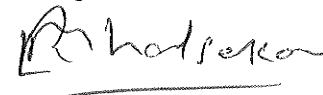
  
Rajive Kumaraswami  
Managing Director &  
Chief Executive Officer

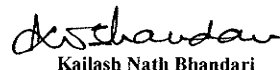
As per our Report of even date attached.

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

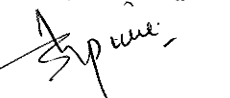


For Chaturvedi & Shah  
Chartered Accountants  
Firm Regn. No. 101720W

  
Lalit R. Mhalsekar  
Partner  
Membership No. 103418

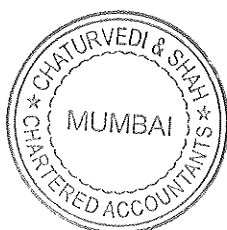
  
Kailash Nath Bhandari  
Director

  
Sunil Mitra  
Director

  
Gaurav Parasrampur  
Chief Financial Officer

  
Kavita Modi  
Company Secretary

Mumbai, 4th May 2017



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

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017**

(Rs in '000)

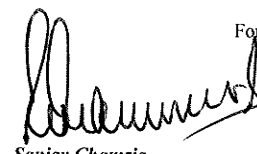
Particulars	Schedule	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>OPERATING PROFIT/(LOSS)</b>			
(a) Fire insurance		(35,572)	(27,632)
(b) Marine insurance		(43,679)	(21,379)
(c) Miscellaneous insurance		(29,158)	(196,995)
<b>INCOME FROM INVESTMENTS</b>			
(a) Interest, dividend and rent (Gross)		175,994	166,803
(b) Profit/(loss) on sale / redemption of investments (Net)		20,242	14,935
<b>OTHER INCOME</b>			
Other income		-	-
<b>TOTAL (A)</b>		<b>87,827</b>	<b>(64,268)</b>
<b>PROVISIONS (Other than taxation)</b>			
(a) For diminution in the value of investments		-	-
(b) For doubtful debts		-	-
(c) Others		-	-
<b>OTHER EXPENSES</b>			
(a) Expenses other than those related to insurance business - Employees' remuneration and welfare benefits		13,430	-
(b) Investment Expenses		1,332	-
(c) Loss on sale of fixed assets		868	45
(d) Others		500	1,501
<b>TOTAL (B)</b>		<b>16,130</b>	<b>1,546</b>
<b>Profit / (Loss) before tax</b>		<b>71,697</b>	<b>(65,814)</b>
<b>Provision for taxation</b>			
(a) Current tax (MAT)		8,670	-
(b) Deferred tax expense / (income)		-	52,707
<b>Profit / (Loss) after tax</b>		<b>63,027</b>	<b>(118,521)</b>
<b>APPROPRIATIONS</b>			
(a) Interim dividends paid during the year		-	-
(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		(387,488)	(268,967)
<b>Balance carried forward to Balance Sheet</b>		<b>(324,461)</b>	<b>(387,488)</b>
<b>Earning Per Share (Basic &amp; Diluted) of face value of Rs.10/- per share</b>	<b>17(19)</b>	<b>0.56</b>	<b>(1.08)</b>

Significant Accounting Policies  
Notes to Financial Statement

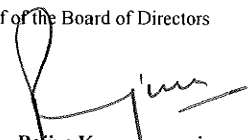
16  
17

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



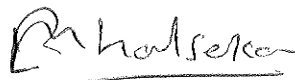
Rajive Kumaraswami  
Managing Director &  
Chief Executive Officer

As per our Report of even date attached.

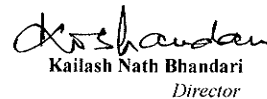
For Haribhakti & Co. LLP  
Chartered Accountants  
Firm Regn. No. 103523W/ W100048



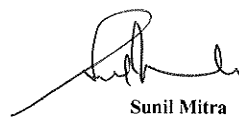
For Chaturvedi & Shah  
Chartered Accountants  
Firm Regn. No. 101720W



Lalit R. Mhalsekar  
Partner  
Membership No. 103418



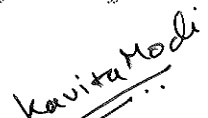
Kailash Nath Bhandari  
Director



Sunil Mitra  
Director



Gaurav Parasrampur  
Chief Financial Officer



Kavita Modi  
Company Secretary

Mumbai, 4th May 2017



FORM B-RA

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

REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

(Rs in '000)

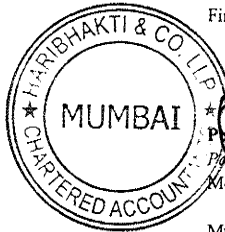
Particulars	Schedule	FIRE		MARINE		MISCELLANEOUS		TOTAL	
		Year ended 31st March, 2017	Year ended 31st March, 2016	Year ended 31st March, 2017	Year ended 31st March, 2016	Year ended 31st March, 2017	Year ended 31st March, 2016	Year ended 31st March, 2017	Year ended 31st March, 2016
Premiums earned (Net)	1	70,530	19,006	14,972	10,456	3,185,392	3,702,783	3,270,894	3,732,245
Interest, dividend and rent (Gross)		9,896	6,468	2,329	1,540	563,978	539,395	576,203	547,403
Profit/(Loss) on sale/redemption of investments (Net)		1,138	579	268	138	64,866	48,297	66,272	49,014
Others		2,971	3,335	-	-	5,110	718	8,081	4,053
<b>TOTAL (A)</b>		<b>84,535</b>	<b>29,388</b>	<b>17,569</b>	<b>12,134</b>	<b>3,819,346</b>	<b>4,291,193</b>	<b>3,921,450</b>	<b>4,332,715</b>
Claims incurred (Net)	2	23,368	44,098	20,948	33,041	2,543,041	3,111,163	2,587,357	3,188,302
Commission (Net)	3	(3,772)	(13,338)	(8,671)	(6,956)	50,785	135,383	38,342	115,089
Contribution to Solatium Fund		-	-	-	-	1,906	1,585	1,906	1,585
Operating expenses related to insurance business	4	111,960	14,746	50,969	3,520	1,252,772	1,240,057	1,415,701	1,258,323
Premium deficiency		(11,449)	11,514	(1,998)	3,908	-	-	(13,447)	15,422
<b>TOTAL (B)</b>		<b>120,107</b>	<b>57,020</b>	<b>61,248</b>	<b>33,513</b>	<b>3,848,504</b>	<b>4,488,188</b>	<b>4,029,859</b>	<b>4,578,721</b>
<b>Operating Profit/(Loss) (C) = (A - B)</b>		<b>(35,572)</b>	<b>(27,632)</b>	<b>(43,679)</b>	<b>(21,379)</b>	<b>(29,158)</b>	<b>(196,995)</b>	<b>(108,409)</b>	<b>(246,006)</b>
<b>Appropriations</b>		-	-	-	-	-	-	-	-
Transfer to Shareholders' Account		(35,572)	(27,632)	(43,679)	(21,379)	(29,158)	(196,995)	(108,409)	(246,006)
Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
Transfer to Other Reserves		-	-	-	-	-	-	-	-
<b>TOTAL (C)</b>		<b>(35,572)</b>	<b>(27,632)</b>	<b>(43,679)</b>	<b>(21,379)</b>	<b>(29,158)</b>	<b>(196,995)</b>	<b>(108,409)</b>	<b>(246,006)</b>

Significant Accounting Policies 16  
Notes to the Financial Statement 17

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

As per our Report of even date attached.

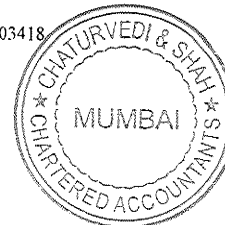
For Harihhakti & Co. LLP  
Chartered Accountants  
Firm Regn. No. 103523W/ W100048



*Prashant N. Nani*  
Prashant N. Nani  
Partner  
Membership No. 118970  
Mumbai, 4th May 2017

For Chaturvedi & Shah  
Chartered Accountants  
Firm Regn. No. 101720W

*Lalit R. Mhalsekar*  
Lalit R. Mhalsekar  
Partner  
Membership No. 103418



*Sanjay Chamria*  
Sanjay Chamria  
Chairman

*Kailash Nath Bhandari*  
Kailash Nath Bhandari  
Director

*Sunil Mitra*  
Sunil Mitra  
Director

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

*Gaurav Parasrampur*  
Gaurav Parasrampur  
Chief Financial Officer

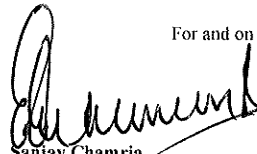
*Kavita Modi*  
Kavita Modi  
Company Secretary

Receipts and Payments Account for the year ended 31 March, 2017

(Rs. in '000)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
<b>Cash flows from the operating activities:</b>		
Premium received from policyholders, including advance receipts and service tax	4,820,577	4,591,019
Other receipts	32,285	21,055
Receipts from reinsurers, net of commissions and claims	(542,634)	(514,220)
Payments to co-insurers, net of claims recovery	1,405	(1,730)
Payments of claims	(2,177,738)	(2,186,643)
Payments of commission & brokerage	(163,673)	(204,526)
Payments of other operating Expenses	(1,469,724)	(1,333,768)
Deposits, advances and staff loans	(2,067)	(4,513)
Income Tax paid (Net)	(10,565)	(11,738)
Service tax paid	(480,730)	(416,500)
<b>Cash flows before extraordinary items</b>	<b>7,136</b>	<b>(61,564)</b>
Cash flow from extraordinary operations	-	-
<b>Net cash flow from operating activities</b>	<b>7,136</b>	<b>(61,564)</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(100,699)	(27,358)
Proceeds from sale of fixed assets	868	31
Purchases of investments	(2,915,677)	(4,480,417)
Sales of investments	2,467,059	3,470,244
Rents/Interests/ Dividends received	657,069	574,163
Investments in money market instruments and in liquid mutual funds (Net)	(64,301)	30,494
Expenses related to investments	(1,332)	-
<b>Net cash flow from investing activities</b>	<b>42,987</b>	<b>(432,843)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of share capital (net of issue expenses)		498,499
Proceeds from borrowing	3,682	948
Repayments of borrowing	(1,018)	-
<b>Net cash flow from financing activities</b>	<b>2,664</b>	<b>499,447</b>
<b>Effect of foreign exchange rates on cash and cash equivalents, net</b>		
Net increase in cash and cash equivalents:	52,787	5,040
Cash and Cash Equivalent at the beginning of the year	115,362	110,322
Cash and Cash Equivalent at the end of the year	<b>168,149</b>	<b>115,362</b>
Refer Schedule 11 for components of Cash and cash equivalent		

For and on behalf of the Board of Directors

  
Sanjay Chamria  
Chairman

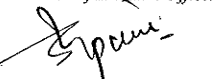
  
Rajve Kumaraswami  
Managing Director &  
Chief Executive Officer

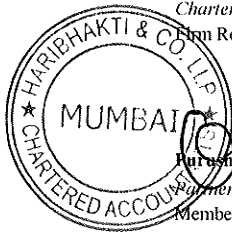
As per our Report of even date attached.

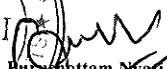
For Haribhakti & Co. LLP  
Chartered Accountants  
Firm Regn. No. 103523W/ W100048

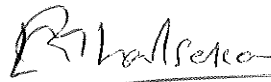
For Chaturvedi & Shah  
Chartered Accountants  
Firm Regn. No. 101720W

  
Kailash Nath Bhandari  
Director

  
Gaurav Parasrampur  
Chief Financial Officer



  
Purushottam Nyan  
Partner  
Membership No. 118970

  
Lalit R. Mhalsekar  
Partner  
Membership No. 103418

  
Sunil Mitra  
Director

  
Kavita Modi  
Company Secretary

Mumbai, 4th May 2017





**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

**SCHEDULE – 1**

**PREMIUM EARNED [NET]**

(Rs in '000)

Particulars	YEAR ENDED 31 MARCH 2017				YEAR ENDED 31 MARCH 2016			
	FIRE	MARINE	*MISCELLANEOUS	TOTAL	FIRE	MARINE	*MISCELLANEOUS	TOTAL
Premium from direct business written	306,583	152,251	3,736,083	4,194,917	291,282	123,870	3,624,269	4,039,421
Add : Premium on reinsurance accepted	27,852	-	6,027	33,879	58,097	126	176,027	234,250
Less : Premium on reinsurance ceded	(278,339)	(139,048)	(545,088)	(962,475)	(310,155)	(114,659)	(529,387)	(954,201)
Net Premium	56,096	13,203	3,197,022	3,266,321	39,224	9,337	3,270,909	3,319,470
Adjustment for change in reserve for unexpired risk								
Reserve for unexpired risk at the end of the year	77,667	6,409	1,660,537	1,744,613	92,101	8,178	1,648,907	1,749,186
Reserve for unexpired risk at the beginning of the year	(92,101)	(8,178)	(1,648,907)	(1,749,186)	(71,883)	(9,297)	(2,080,781)	(2,161,961)
Change in unexpired risk reserve	(14,434)	(1,769)	11,630	(4,573)	20,218	(1,119)	(431,874)	(412,775)
<b>Total premium earned (Net)</b>	<b>70,530</b>	<b>14,972</b>	<b>3,185,392</b>	<b>3,270,894</b>	<b>19,006</b>	<b>10,456</b>	<b>3,702,783</b>	<b>3,732,245</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 2017**

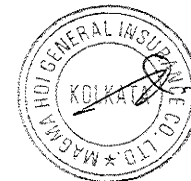
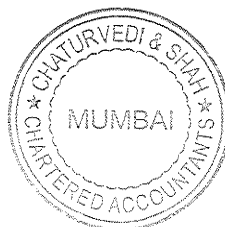
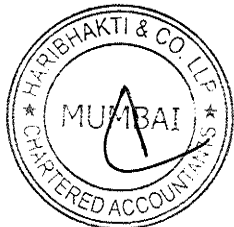
(Rs in '000)

Particulars	MISCELLANEOUS											
	MOTOR				ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		TOTAL
	MOTOR - OD	MOTOR - TP	DECLINED POOL	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Premium from direct business written	1,497,574	1,905,558	-	3,403,132	61,349	813	26,727	-	29,149	190,976	23,937	3,736,083
Add : Premium on reinsurance accepted	2,007	-	-	2,007	5,719	-	-	-	-	-	301	6,027
Less : Premium on reinsurance ceded	(171,368)	(101,182)	-	(272,550)	(45,892)	(163)	(5,361)	-	(14,475)	(190,931)	(15,716)	(545,088)
<b>Net Premium</b>	<b>1,328,213</b>	<b>1,804,376</b>	<b>-</b>	<b>3,132,589</b>	<b>19,176</b>	<b>650</b>	<b>21,366</b>	<b>-</b>	<b>14,674</b>	<b>45</b>	<b>8,522</b>	<b>3,197,022</b>
Adjustment for change in reserve for unexpired risk												
Reserve for unexpired risk at the end of the year	645,953	970,993	-	1,616,946	13,567	299	8,373	-	8,308	1,945	11,099	1,660,537
Reserve for unexpired risk at the beginning of the year	(821,007)	(764,399)	-	(1,585,406)	(28,027)	(153)	(7,186)	(4)	(9,907)	(5,940)	(12,284)	(1,648,907)
Change in unexpired risk reserve	(175,054)	206,594	-	31,540	(14,460)	146	1,187	(4)	(1,599)	(3,995)	(1,185)	11,630
<b>Total premium earned (Net)</b>	<b>1,503,267</b>	<b>1,597,782</b>	<b>-</b>	<b>3,101,049</b>	<b>33,636</b>	<b>504</b>	<b>20,179</b>	<b>4</b>	<b>16,273</b>	<b>4,040</b>	<b>9,707</b>	<b>3,185,392</b>

**MISCELLANEOUS PREMIUM EARNED [NET] BREAKUP FOR THE YEAR ENDED 31 MARCH 2016**

(Rs in '000)

Particulars	MISCELLANEOUS											
	MOTOR				ENGINEERING	PUBLIC/PRODU CT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		TOTAL
	MOTOR - OD	MOTOR - TP	DECLINE POOL	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Premium from direct business written	1,759,870	1,584,954	-	3,344,824	92,810	1,061	18,966	5	17,652	150,371	18,580	3,624,269
Add : Premium on reinsurance accepted	3,380	-	395	3,775	4,217	-	-	-	(18)	-	168,053	176,027
Less : Premium on reinsurance ceded	(88,222)	(84,239)	-	(172,461)	(72,229)	(719)	(2,108)	-	(2,144)	(122,285)	(157,441)	(529,387)
<b>Net Premium</b>	<b>1,675,028</b>	<b>1,500,715</b>	<b>395</b>	<b>3,176,138</b>	<b>24,798</b>	<b>342</b>	<b>16,858</b>	<b>5</b>	<b>15,490</b>	<b>8,086</b>	<b>29,192</b>	<b>3,270,909</b>
Adjustment for change in reserve for unexpired risk												
Reserve for unexpired risk at the end of the year	821,007	764,399	-	1,585,406	28,027	153	7,186	4	9,907	5,940	12,284	1,648,907
Reserve for unexpired risk at the beginning of the year	(1,140,202)	(837,210)	-	(1,977,412)	(33,270)	(140)	(3,175)	(4)	(6,958)	(2,807)	(57,015)	(2,080,781)
Change in unexpired risk reserve	(319,195)	(72,811)	-	(392,006)	(5,243)	13	4,011	-	2,949	3,133	(44,731)	(431,874)
<b>Total premium earned (Net)</b>	<b>1,994,223</b>	<b>1,573,526</b>	<b>395</b>	<b>3,568,144</b>	<b>30,041</b>	<b>329</b>	<b>12,847</b>	<b>5</b>	<b>12,541</b>	<b>4,953</b>	<b>73,923</b>	<b>3,702,783</b>



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

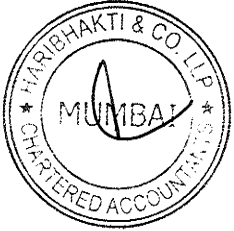
**SCHEDULE – 2**

**CLAIMS INCURRED [NET]**

(Rs in '000)

Particulars	YEAR ENDED 31 MARCH 2017				YEAR ENDED 31 MARCH 2016			
	FIRE	MARINE	*MISCELLANEOUS	TOTAL	FIRE	MARINE	*MISCELLANEOUS	TOTAL
Claims paid								
Direct	124,525	124,861	1,845,581	2,094,967	177,610	94,612	1,985,216	2,257,438
Add : Reinsurance accepted	1,086	-	60,441	61,527	9	7	254,788	254,804
Less : Reinsurance ceded	(104,830)	(109,627)	(168,364)	(382,821)	(150,329)	(89,718)	(256,677)	(496,724)
Net Claims paid	20,781	15,234	1,737,658	1,773,673	27,290	4,901	1,983,327	2,015,518
Add : Claims outstanding at the end of the year	50,938	42,866	5,485,650	5,579,454	48,351	37,152	4,680,267	4,765,770
Less : Claims outstanding at the beginning	48,351	37,152	4,680,267	4,765,770	31,543	9,012	3,552,431	3,592,986
<b>Total claims incurred (Net)</b>	<b>23,368</b>	<b>20,948</b>	<b>2,543,041</b>	<b>2,587,357</b>	<b>44,098</b>	<b>33,041</b>	<b>3,111,163</b>	<b>3,188,302</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 2017

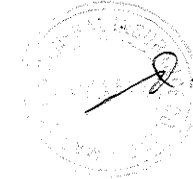
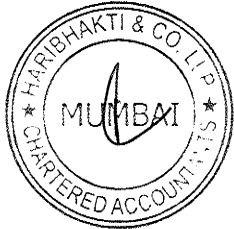
(Rs in '000)

Particulars	MISCELLANEOUS											TOTAL
	MOTOR				ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		
	MOTOR - OD	MOTOR - TP	DECLINED POOL	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Claims paid												
Direct	813,202	951,522	-	1,764,724	34,476	4	5,999	-	27,611	454	12,313	1,845,581
Add : Reinsurance accepted	3,377	-	-	3,377	272	-	-	-	56	-	56,756	60,441
Less : Reinsurance ceded	(42,619)	(50,385)	-	(93,004)	(13,678)	(4)	(500)	-	(6,619)	(454)	(54,305)	(168,364)
Net Claims paid	773,960	901,137	-	1,675,097	21,070	-	5,699	-	21,048	-	14,744	1,737,658
Add : Claims outstanding at the end of the year	303,173	5,019,252	-	5,322,425	26,534	450	21,721	-	24,408	6,092	84,020	5,485,650
Less : Claims outstanding at the beginning	412,021	4,151,473	-	4,563,494	31,809	47	3,068	1	15,962	3,869	62,017	4,680,267
<b>Total claims incurred (Net)</b>	<b>665,112</b>	<b>1,768,916</b>	<b>-</b>	<b>2,434,028</b>	<b>15,795</b>	<b>403</b>	<b>24,352</b>	<b>(1)</b>	<b>29,494</b>	<b>2,223</b>	<b>36,747</b>	<b>2,543,041</b>

MISCELLANEOUS CLAIMS INCURRED [NET] BREAKUP FOR THE YEAR ENDED 31 MARCH 2016

(Rs in '000)

Particulars	MISCELLANEOUS											TOTAL
	MOTOR				ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		
	MOTOR - OD	MOTOR - TP	DECLINED POOL	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Claims paid												
Direct	1,095,725	813,629	-	1,909,354	37,118	-	791	-	12,562	1,262	24,129	1,985,216
Add : Reinsurance accepted	1,162	-	-	1,162	95	-	-	-	65	-	253,468	254,788
Less : Reinsurance ceded	(55,351)	(45,267)	-	(100,618)	(11,098)	-	(40)	-	(632)	(1,234)	(143,055)	(256,677)
Net Claims paid	1,041,536	768,362	-	1,809,898	26,113	-	751	-	11,995	28	134,542	1,983,327
Add : Claims outstanding at the end of the year	412,021	4,151,473	-	4,563,494	31,809	47	3,068	1	15,962	3,869	62,017	4,680,267
Less : Claims outstanding at the beginning	313,083	3,133,253	15	3,446,351	20,325	96	6,795	1	3,760	1,550	73,553	3,552,431
<b>Total claims incurred (Net)</b>	<b>1,140,474</b>	<b>1,786,582</b>	<b>(15)</b>	<b>2,927,041</b>	<b>37,597</b>	<b>(49)</b>	<b>(2,976)</b>	<b>-</b>	<b>24,197</b>	<b>2,347</b>	<b>123,006</b>	<b>3,111,163</b>



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

**SCHEDULE – 3  
COMMISSION**

(Rs in '000)

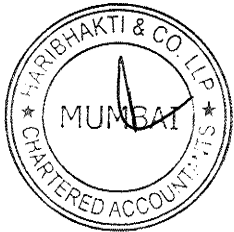
Particulars	YEAR ENDED 31 MARCH 2017				YEAR ENDED 31 MARCH 2016			
	FIRE	MARINE	*MISCELLANEOUS	TOTAL	FIRE	MARINE	*MISCELLANEOUS	TOTAL
Commission paid								
Direct	19,947	5,987	146,521	172,455	14,710	4,797	177,184	196,691
<b>TOTAL (A)</b>	<b>19,947</b>	<b>5,987</b>	<b>146,521</b>	<b>172,455</b>	<b>14,710</b>	<b>4,797</b>	<b>177,184</b>	<b>196,691</b>
Add : Commission on reinsurance accepted	(133)	-	212	79	2,796	1	8,636	11,433
Less : Commission on reinsurance ceded	(23,586)	(14,658)	(95,948)	(134,192)	(30,844)	(11,754)	(50,437)	(93,035)
<b>Net commission</b>	<b>(3,772)</b>	<b>(8,671)</b>	<b>50,785</b>	<b>38,342</b>	<b>(13,338)</b>	<b>(6,956)</b>	<b>135,383</b>	<b>115,089</b>

\* Refer to Schedule - 3(A)

**COMMISSION PAID - DIRECT**

(Rs in '000)

Particulars	YEAR ENDED 31 MARCH 2017				YEAR ENDED 31 MARCH 2016			
	FIRE	MARINE	MISCELLANEOUS	TOTAL	FIRE	MARINE	MISCELLANEOUS	TOTAL
Agents	1,081	397	34,587	36,065	1,196	356	46,434	47,986
Brokers	17,898	5,425	30,025	53,347	11,917	4,186	28,808	44,911
Corporate agency	969	165	81,909	83,043	1,597	255	101,942	103,794
Others	-	-	-	-	-	-	-	-
<b>TOTAL (B)</b>	<b>19,947</b>	<b>5,987</b>	<b>146,521</b>	<b>172,455</b>	<b>14,710</b>	<b>4,797</b>	<b>177,184</b>	<b>196,691</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 2017

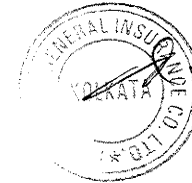
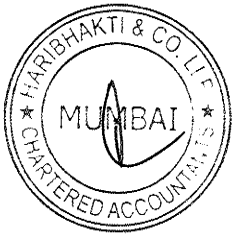
(Rs in '000)

Particulars	MISCELLANEOUS											
	MOTOR				ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		TOTAL
	MOTOR - OD	MOTOR - TP	DECLINED POOL	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Commission paid												
Direct	119,433	1,544	-	120,977	5,360	83	2,573	-	3,842	11,066	2,620	146,521
<b>TOTAL (A)</b>	<b>119,433</b>	<b>1,544</b>	<b>-</b>	<b>120,977</b>	<b>5,360</b>	<b>83</b>	<b>2,573</b>	<b>-</b>	<b>3,842</b>	<b>11,066</b>	<b>2,620</b>	<b>146,521</b>
Add : Commission on reinsurance accepted	201	-	-	201	-	-	-	-	-	-	11	212
Less : Commission on reinsurance ceded	(51,769)	(4,764)	-	(56,533)	(6,586)	79	(200)	-	(1,916)	(27,101)	(3,691)	(95,948)
<b>Net commission</b>	<b>67,865</b>	<b>(3,220)</b>	<b>-</b>	<b>64,645</b>	<b>(1,226)</b>	<b>162</b>	<b>2,373</b>	<b>-</b>	<b>1,926</b>	<b>(16,035)</b>	<b>(1,060)</b>	<b>50,785</b>

MISCELLANEOUS COMMISSION BREAKUP FOR THE YEAR ENDED 31 MARCH 2016

(Rs in '000)

Particulars	MISCELLANEOUS											
	MOTOR				ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		TOTAL
	MOTOR - OD	MOTOR - TP	DECLINED POOL	MOTOR - TOTAL						OTHER LIABILITY	OTHERS	
Commission paid												
Direct	152,543	1,761	-	154,304	8,341	82	1,872	-	2,212	7,871	2,502	177,184
<b>TOTAL (A)</b>	<b>152,543</b>	<b>1,761</b>	<b>-</b>	<b>154,304</b>	<b>8,341</b>	<b>82</b>	<b>1,872</b>	<b>-</b>	<b>2,212</b>	<b>7,871</b>	<b>2,502</b>	<b>177,184</b>
Add : Commission on reinsurance accepted	338	-	-	338	-	-	-	-	(4)	-	8,302	8,656
Less : Commission on reinsurance ceded	(13,185)	(3,962)	-	(17,147)	(8,345)	(196)	(142)	-	(216)	(19,834)	(4,557)	(50,437)
<b>Net commission</b>	<b>139,696</b>	<b>(2,201)</b>	<b>-</b>	<b>137,495</b>	<b>(4)</b>	<b>(114)</b>	<b>1,730</b>	<b>-</b>	<b>1,992</b>	<b>(11,963)</b>	<b>6,247</b>	<b>135,383</b>



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

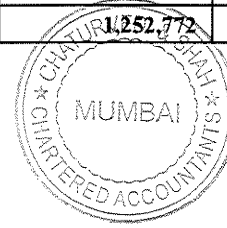
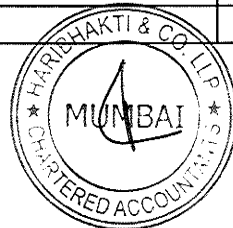
**SCHEDULE – 4**

**OPERATING EXPENSES RELATED TO INSURANCE BUSINESS**

(Rs in '000)

Particulars	YEAR ENDED 31 MARCH 2017				YEAR ENDED 31 MARCH 2016			
	FIRE	MARINE	*MISCELLANEOUS	TOTAL	FIRE	MARINE	*MISCELLANEOUS	TOTAL
Employees' remuneration and welfare benefits	37,077	16,878	414,870	468,825	4,308	1,030	359,184	364,522
Travel, conveyance and vehicle running expenses	3,811	1,736	42,641	48,188	465	110	38,780	39,355
Training expenses	-	-	-	-	2	1	164	167
Rents, rates and taxes	2,465	1,122	27,586	31,173	341	82	28,472	28,895
Repairs & maintenance	1,587	723	17,759	20,069	115	28	9,579	9,722
Printing and stationery	1,233	562	13,797	15,592	130	32	10,871	11,033
Communication	1,160	527	12,979	14,666	156	38	12,977	13,171
Legal and professional charges	4,263	1,941	47,702	53,906	286	68	34,100	34,454
Auditors' fees, expenses etc.								
(a) as auditor	313	142	3,506	3,961	34	9	2,827	2,870
(b) as adviser or in any other capacity, in respect of	-	-	-	-	-	-	-	-
(i) Taxation matters	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-
(iii) Management services; and	-	-	-	-	-	-	-	-
(c) in any other capacity	-	-	-	-	-	-	-	-
Advertisement and publicity	1,212	551	13,559	15,322	104	23	8,658	8,785
Interest and bank charges	448	204	5,010	5,662	57	14	4,758	4,829
Depreciation	1,031	470	11,540	13,041	156	37	13,019	13,212
Infrastructure support expenses	20,556	9,358	230,008	259,922	2,330	555	194,245	197,130
Manpower hire charges	29,801	13,567	333,457	376,825	5,436	1,294	453,290	460,020
Director fees	119	54	1,327	1,500	9	2	709	720
Others								
Information technology expenses	2,738	1,246	30,634	34,618	308	73	25,683	26,064
Membership fees and subscription expenses	392	180	4,389	4,961	44	9	3,631	3,684
Business promotion expenses	1,096	498	12,265	13,859	87	23	7,272	7,382
Service tax expenses	-	-	-	-	186	44	15,516	15,746
Miscellaneous expenses	2,658	1,210	29,743	33,611	192	48	16,322	16,562
<b>TOTAL</b>	<b>111,960</b>	<b>50,969</b>	<b>1,252,772</b>	<b>1,415,701</b>	<b>14,746</b>	<b>3,520</b>	<b>1,240,057</b>	<b>1,258,323</b>

\* Refer to Schedule - 4(A)



OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

MISCELLANEOUS OPERATING EXPENSES RELATED TO INSURANCE BUSINESS BREAKUP FOR THE YEAR ENDED 31 MARCH 2017

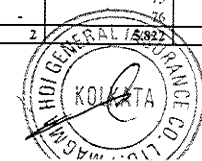
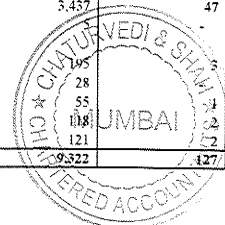
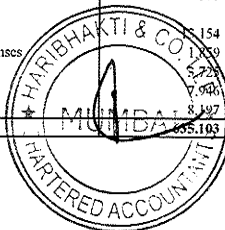
(Rs in '000)

Particulars	MOTOR				MISCELLANEOUS						GRAND TOTAL	
	MOTOR - OD	MOTOR - TP	DECLINED POOL	MOTOR - TOTAL	ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		
										OTHER LIABILITY		OTHERS
Employees' remuneration and welfare benefits	166,251	211,260	-	377,511	7,214	90	2,965	-	3,252	21,175	2,687	414,870
Travel, conveyance and vehicle running expenses	17,088	21,714	-	38,802	741	9	505	-	552	2,176	276	42,641
Training expenses	-	-	-	-	-	-	-	-	-	-	-	-
Rents, rates and taxes	11,054	14,047	-	25,101	480	6	197	-	215	1,408	179	27,586
Repairs and maintenance	7,117	9,043	-	16,160	309	4	127	-	138	906	115	17,759
Printing and stationery	5,529	7,026	-	12,555	240	3	99	-	107	704	89	13,797
Communication	5,201	6,609	-	11,810	226	3	95	-	101	662	84	12,979
Legal and professional charges	19,116	24,291	-	43,407	829	10	341	-	572	2,434	309	47,702
Auditors' fees, expenses etc.	-	-	-	-	-	-	-	-	-	-	-	-
(a) as auditor	1,405	1,785	-	3,190	61	1	25	-	27	179	25	5,506
(b) as adviser or in any other capacity, in respect of	-	-	-	-	-	-	-	-	-	-	-	-
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services; and	-	-	-	-	-	-	-	-	-	-	-	-
(c) in any other capacity	-	-	-	-	-	-	-	-	-	-	-	-
Advertisement and publicity	5,453	6,904	-	12,357	256	3	97	-	106	692	88	13,559
Interest and bank charges	2,008	2,551	-	4,559	87	1	56	-	39	256	52	5,010
Depreciation	4,624	5,876	-	10,500	201	3	82	-	90	589	75	11,540
Infrastructure support expenses	92,171	117,125	-	209,296	3,999	50	1,645	-	1,792	11,758	1,490	230,098
Manpower hire charges	153,627	169,803	-	303,430	5,798	72	2,382	-	2,597	17,018	2,160	335,457
Director fees	552	676	-	1,208	25	-	9	-	19	68	9	1,327
Others	-	-	-	-	-	-	-	-	-	-	-	-
Information technology	12,276	15,599	-	27,875	553	7	219	-	239	1,563	198	30,634
Membership fees and Subscription expenses	1,759	2,256	-	3,995	76	1	31	-	54	224	28	4,389
Business promotion expenses	4,915	6,245	-	11,160	213	3	88	-	96	626	79	12,265
Service tax expenses	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	11,919	15,146	-	27,065	517	6	212	-	252	1,518	195	29,745
<b>TOTAL</b>	<b>502,025</b>	<b>637,936</b>	<b>-</b>	<b>1,139,961</b>	<b>21,783</b>	<b>272</b>	<b>8,949</b>	<b>-</b>	<b>9,759</b>	<b>63,934</b>	<b>8,114</b>	<b>1,252,772</b>

MISCELLANEOUS OPERATING EXPENSES RELATED TO INSURANCE BUSINESS BREAKUP FOR THE YEAR ENDED 31 MARCH 2016

(Rs in '000)

Particulars	MOTOR				MISCELLANEOUS						GRAND TOTAL	
	MOTOR - OD	MOTOR - TP	DECLINED POOL	MOTOR - TOTAL	ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		
										Other Liability		Others
Employees' remuneration and welfare benefits	185,960	164,816	-	348,776	2,723	38	1,851	-	1,701	888	5,206	359,184
Travel, conveyance and vehicle running expenses	19,861	17,794	-	37,655	294	4	200	-	184	96	547	38,780
Training expenses	84	76	-	160	1	-	1	-	1	-	1	164
Rents, rates and taxes	14,582	13,065	-	27,647	216	3	147	-	135	70	254	28,472
Repairs and maintenance	4,906	4,396	-	9,302	73	1	49	-	45	24	85	9,579
Printing and stationery	5,568	4,989	-	10,557	82	1	56	-	51	27	97	10,871
Communication	6,647	5,955	-	12,602	98	1	67	-	61	52	116	12,977
Legal and professional charges	17,622	15,788	-	33,410	181	2	125	-	113	59	212	34,100
Auditors' fees, expenses etc.	-	-	-	-	-	-	-	-	-	-	-	-
(a) as auditor	1,448	1,298	-	2,746	21	-	15	-	15	7	25	2,827
(b) as adviser or in any other capacity, in respect of	-	-	-	-	-	-	-	-	-	-	-	-
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services; and	-	-	-	-	-	-	-	-	-	-	-	-
(c) in any other capacity	-	-	-	-	-	-	-	-	-	-	-	-
Advertisement and publicity	4,434	3,972	-	8,406	66	1	45	-	41	21	78	8,658
Interest and bank charges	2,437	2,183	-	4,620	36	-	25	-	23	12	42	4,758
Depreciation	6,668	5,974	-	12,642	99	1	67	-	62	32	116	13,019
Infrastructure support expenses	99,485	89,152	-	188,617	1,475	20	1,001	-	920	480	1,754	194,245
Manpower hire charges	252,157	207,997	-	440,154	3,437	47	2,357	-	2,147	1,121	4,046	455,290
Director fees	363	326	-	689	-	-	4	-	3	2	6	709
Others	-	-	-	-	-	-	-	-	-	-	-	-
Information technology	15,154	11,785	-	24,939	195	-	132	-	122	63	229	25,683
Membership fees and Subscription expenses	1,759	1,666	-	3,525	28	-	19	-	17	9	55	5,651
Business promotion expenses	5,228	3,538	-	7,063	55	-	37	-	34	18	64	7,272
Service tax expenses	7,946	7,120	-	15,066	108	-	80	-	73	38	139	15,516
Miscellaneous expenses	8,192	7,345	316	15,858	121	127	83	-	76	39	143	16,322
<b>TOTAL</b>	<b>655,103</b>	<b>569,015</b>	<b>316</b>	<b>1,204,434</b>	<b>9,322</b>	<b>127</b>	<b>6,339</b>	<b>2</b>	<b>5,822</b>	<b>3,038</b>	<b>10,973</b>	<b>1,240,057</b>





**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

**SCHEDULE – 5**
**SHARE CAPITAL**
*(Rs in '000)*

Particulars	As at	
	31 March 2017	31 March 2016
<b>Authorised Capital</b>		
12,00,00,000 (Previous Year - 12,00,00,000) Equity Shares of Rs 10/- each fully paid-up	1,200,000	1,200,000
<b>Issued Capital</b>		
11,25,00,000 (Previous Year - 11,25,00,000) Equity Shares of Rs 10/- each fully paid-up	1,125,000	1,125,000
<b>Subscribed Capital</b>		
11,25,00,000 (Previous Year - 11,25,00,000) Equity Shares of Rs 10/- each fully paid-up	1,125,000	1,125,000
<b>Called-up- Capital</b>		
11,25,00,000 (Previous Year - 11,25,00,000) Equity Shares of Rs 10/- each fully paid-up	1,125,000	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>1,125,000</b>	<b>1,125,000</b>

**SCHEDULE – 5 A**
**PATTERN OF SHAREHOLDING**

(As certified by the management)

Shareholder	As at 31 March 2017		As at 31 March 2016	
	Number of Shares	% of Holding	Number of Shares	% of Holding
<b>Promoters</b>				
<b>Indian</b>				
Magma Fincorp Limited	35,250,000	31.33%	35,250,000	31.33%
Celica Developers Private Limited*	26,000,000	23.11%	26,000,000	23.11%
Jaguar Advisory Services Private Limited	22,500,000	20.00%	22,500,000	20.00%
<b>Foreign</b>				
HDI Global SE	28,750,000	25.56%	28,750,000	25.56%
<b>TOTAL</b>	<b>112,500,000</b>	<b>100%</b>	<b>112,500,000</b>	<b>100%</b>

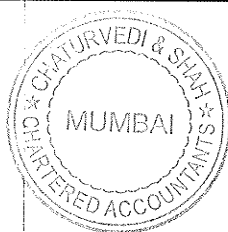
\* 400 equity shares jointly held with Sanjay Chamria, Vanita Chamria and Harshvardhan Chamria.

**SCHEDULE – 6**
**RESERVES AND SURPLUS**

Particulars	As at	
	31 March 2017	31 March 2016
Capital reserve	-	-
Capital redemption reserve	-	-
Share premium	1,455,000	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>1,455,000</b>	<b>1,455,000</b>

**SCHEDULE - 7**
**BORROWINGS**
*(Rs in '000)*

Particulars	As at	
	31 March 2017	31 March 2016
Debentures/ Bonds	-	-
Banks	-	948
Financial institutions	3,613	-
Others	-	-
<b>TOTAL</b>	<b>3,613</b>	<b>948</b>



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

**SCHEDULE – 8**

**INVESTMENTS - SHAREHOLDERS**

(Rs in '000)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>LONG TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills (Note 2)	631,332	644,892
Other approved securities	153,737	159,828
Approved investments		
(a) Shares	-	-
(aa)Equity	-	-
(bb) Preference	20,085	20,221
(b) Mutual funds	-	-
(c) Derivative instruments	-	-
(d) Debentures/ Bonds	432,392	382,158
(e) Other securities (Bank deposits)	45,690	172,796
(f) Subsidiaries	-	-
(g) Investment properties-real estate	-	-
Investments in infrastructure and social sector	444,312	309,295
Other than approved investments	80,575	108,813
<b>TOTAL LONG TERM INVESTMENTS</b>	<b>1,808,123</b>	<b>1,798,003</b>
<b>SHORT TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills	-	-
Other approved securities	-	-
Approved investments	-	-
(a) Shares	-	-
(aa)Equity	-	-
(bb) Preference	-	-
(b) Mutual funds	79,927	88,542
(c) Derivative instruments	-	-
(d) Debentures/ bonds	42,138	125,541
(e) Other securities (bank deposits)	126,789	31,172
(f) Subsidiaries	-	-
(g) Investment properties-real estate	-	-
Investments in infrastructure and social sector	-	12,000
Other than approved investments	-	23,999
<b>TOTAL SHORT TERM INVESTMENTS</b>	<b>248,854</b>	<b>281,254</b>
<b>TOTAL</b>	<b>2,056,978</b>	<b>2,079,257</b>

**NOTES :**

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

(Rs in '000)

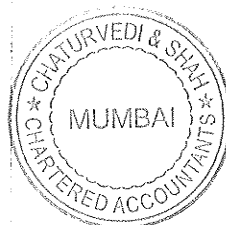
Long Term Investments	-Book Value	1,808,122	1,798,002
	-Market Value	1,863,526	1,811,380
Short Term Investments	-Book Value	168,927	192,712
	-Market Value	168,927	192,903

- 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	79,927	88,542

- 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).



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

**SCHEDULE – 8A**

**INVESTMENTS - POLICYHOLDERS**

(Rs in '000)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>LONG TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills (Note 2)	2,132,219	2,042,221
Other approved securities	519,221	506,138
Approved investments	-	-
(a) Shares	-	-
(aa) Equity	-	-
(bb) Preference	67,832	64,034
(b) Mutual funds	-	-
(c) Derivative instruments	-	-
(d) Debentures/ Bonds	1,460,332	1,210,204
(e) Other securities (Bank deposits)	154,310	547,204
(f) Subsidiaries	-	-
(g) Investment properties-real estate	-	-
Investments in infrastructure and social sector	1,500,590	979,467
Other than approved investments	272,128	344,585
<b>TOTAL LONG TERM INVESTMENTS</b>	<b>6,106,632</b>	<b>5,693,853</b>
<b>SHORT TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills	-	-
Other approved securities	-	-
Approved investments	-	-
(a) Shares	-	-
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual funds	269,940	280,392
(c) Derivative instruments	-	-
(d) Debentures/ bonds	142,313	397,557
(e) Other securities (bank deposits)	428,211	98,716
(f) Subsidiaries	-	-
(g) Investment properties-real estate	-	-
Investments in infrastructure and social sector	-	38,000
Other than approved investments	-	76,001
<b>TOTAL SHORT TERM INVESTMENTS</b>	<b>840,464</b>	<b>890,666</b>
<b>TOTAL</b>	<b>6,947,094</b>	<b>6,584,519</b>

**NOTES :**

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

(Rs in '000)

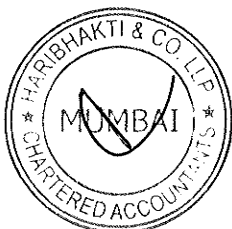
Long Term Investments	-Book Value	6,106,632	5,693,854
	-Market Value	6,293,751	5,736,218
Short Term Investments	-Book Value	570,523	610,274
	-Market Value	570,523	610,877

- 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	269,940	280,392

- 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).

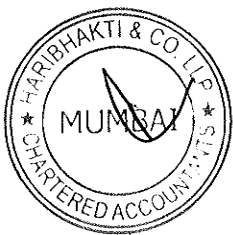


**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
Schedules to the Financial Statements

**SCHEDULE - 9**  
**LOANS**

(Rs in '000)

Particulars	As at 31 March 2017	As at 31 March 2016
<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>	-	-
<b>TOTAL</b>	-	-
<b>BORROWER-WISE CLASSIFICATION</b>		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others	-	-
<b>TOTAL</b>	-	-
<b>PERFORMANCE-WISE CLASSIFICATION</b>		
(a) Loans classified as standard		
(aa) In India	-	-
(bb) Outside India	-	-
(b) Non-performing loans less provisions		
(aa) In India	-	-
(bb) Outside India	-	-
<b>TOTAL</b>	-	-
<b>MATURITY-WISE CLASSIFICATION</b>		
(a) Short Term	-	-
(b) Long Term	-	-
<b>TOTAL</b>	-	-



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

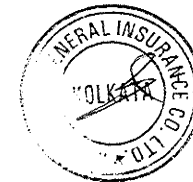
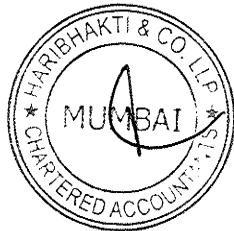
**SCHEDULE – 10**

**FIXED ASSETS**

(Rs in '000)

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	Opening as at 01 April 2016	Additions	Deductions	Closing as at 31 Mar 2017	As at 01 April 2016	For the period ended 31 Mar 2017	On Sales/ Adjustments	As at 31 Mar 2017	As at 31.03.2017	As at 31.03.2016
Intangibles- Computer Software*	35,046	62,035	-	97,081	17,681	6,304	-	23,985	73,096	17,365
Leasehold improvements	8,544	6,056	901	13,699	2,010	2,031	232	3,809	9,890	6,534
Furniture & Fittings	830	469	129	1,170	727	356	129	954	216	103
Information Technology Equipment	19,262	3,525	86	22,701	11,037	3,559	39	14,557	8,144	8,225
Vehicles	1,178	6,659	1,178	6,659	141	349	183	307	6,352	1,037
Office Equipment	1,078	741	-	1,819	822	308	-	1,130	689	256
Electronic Equipment	2,089	144	22	2,211	527	134	5	656	1,555	1,562
<b>TOTAL</b>	<b>68,027</b>	<b>79,629</b>	<b>2,316</b>	<b>145,340</b>	<b>32,945</b>	<b>13,041</b>	<b>588</b>	<b>45,398</b>	<b>99,942</b>	<b>35,082</b>
Intangible assets under development	26,965	-	-	49,762	-	-	-	-	49,762	26,965
<b>Grand Total</b>	<b>94,992</b>	<b>79,629</b>	<b>2,316</b>	<b>195,102</b>	<b>32,945</b>	<b>13,041</b>	<b>588</b>	<b>45,398</b>	<b>149,704</b>	<b>62,047</b>
<b>Previous Year</b>	<b>67,732</b>	<b>27,360</b>	<b>100</b>	<b>94,992</b>	<b>19,758</b>	<b>13,212</b>	<b>25</b>	<b>32,945</b>	<b>62,047</b>	

\* useful life of software is ranging between 5 to 10 years.



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

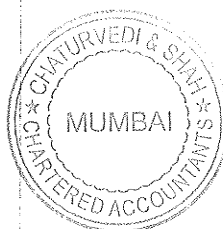
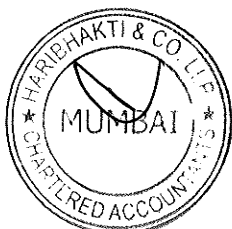
**SCHEDULE – 11**
**CASH AND BANK BALANCES**

(Rs in '000)

Particulars	As at 31 March 2017	As at 31 March 2016
Cash and stamps on hand	13,433	4,132
Bank balances		
(a) Deposit accounts	-	-
(aa) Short-term (due within 12 months)	-	-
(bb) Others	-	-
(b) Current accounts	125,721	94,709
(c) Cheques in-hand	28,995	16,521
(d) Others	-	-
Money at call and short notice		
(a) With banks	-	-
(b) With other institutions	-	-
Others	-	-
<b>TOTAL</b>	<b>168,149</b>	<b>115,362</b>

**SCHEDULE – 12**
**ADVANCES AND OTHER ASSETS**

Particulars	As at 31 March 2017	As at 31 March 2016
<b>ADVANCES</b>		
Reserve deposits with ceding companies	-	-
Application money for investments	-	-
Prepayments	9,794	7,207
Advances to directors/officers	-	-
Advance tax paid and taxes deducted at source (Net of provision for taxation)	15,697	17,621
<b>Others</b>		
Unutilised service tax credit	28,108	16,939
Advance recoverable in cash or in kind	3,899	3,414
Advance to employees	4,464	3,695
<b>TOTAL (A)</b>	<b>61,962</b>	<b>48,876</b>
<b>OTHER ASSETS</b>		
Income accrued on investments	573,674	475,068
Outstanding premiums	-	-
Agents' balances	-	-
Foreign agencies balances	-	-
Due from other insurance companies, including reinsurers (net)	128,677	72,715
Due to subsidiaries/ holding company	-	-
Deposit with Reserve Bank of India [Pursuant to section 7 of Insurance Act, 1938]	-	-
<b>Others</b>		
Unsettled investment contract receivable	303,313	34,150
Deposits for premises, telephone etc.	7,840	7,252
<b>TOTAL (B)</b>	<b>1,013,504</b>	<b>555,035</b>
<b>TOTAL (A+B)</b>	<b>1,075,466</b>	<b>638,061</b>



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

**SCHEDULE – 13**

**CURRENT LIABILITIES**

(Rs in '000)

Particulars	As at 31 March 2017	As at 31 March 2016
Agents' balances	7,671	7,595
Balances due to other insurance companies	225,657	268,939
Deposits held on reinsurance ceded	-	-
Premium received in advance	79,527	79,130
Unallocated premium	72,562	52,529
Sundry creditors	138,078	59,211
Due to subsidiaries/ holding company	-	-
Claims outstanding (net)	5,579,454	4,765,771
Due to directors/ officers	-	-
Unclaimed amount of Policyholders	12,074	7,806
Others -		
Due to Policyholders/Insured	23,034	86,607
Solatium Fund	7,491	5,586
Service tax liability	2,304	89
TDS payable	24,532	16,986
Other statutory dues	3,585	2,667
Book Overdraft	129,879	155,562
Other payable	163,426	105,350
<b>TOTAL</b>	<b>6,469,274</b>	<b>5,613,828</b>

**SCHEDULE – 14**

**PROVISIONS**

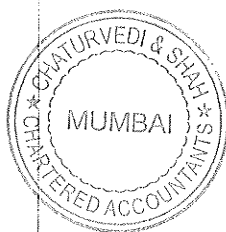
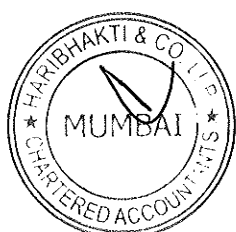
Particulars	As at 31 March 2017	As at 31 March 2016
Reserve for unexpired risk	1,744,613	1,749,186
Reserve for Premium deficiency	1,975	15,422
For taxation (net of advance tax and tax deducted at source)	8,641	-
For proposed dividends	-	-
For dividend distribution tax	-	-
Provision for employee benefit	12,333	6,398
Others	500	-
<b>TOTAL</b>	<b>1,768,062</b>	<b>1,771,006</b>

**SCHEDULE – 15**

**MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

Particulars	As at 31 March 2017	As at 31 March 2016
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 2017**

**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.

**1 Significant accounting policies**

**1.1 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, 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.

**1.2 Use of estimate**

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumption 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 recognized prospectively in current and future periods.

**1.3 Revenue recognition**

**(i) Premium income**

Premium (net of service tax), on direct business and reinsurance accepted, is recognized as income over the contract period or the period of risk, whichever is appropriate. Any subsequent revisions to or cancellations of premiums are recognized in the year in which they occur.

**(ii) Interest/ dividend income**

Interest income is recognized on accrual basis. Accretion of discount and amortization of premium relating to debt securities is recognized over the holding / maturity period on a straight line basis. Dividend income is recognized when the right to receive the dividend is established.

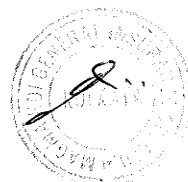
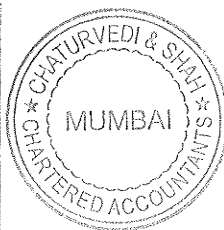
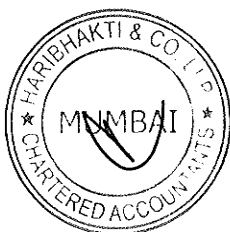
**(iii) Profit / loss on sale of securities**

Profit/loss on sale/redemption of securities is recognized 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 recognized in the fair value change account, if any, and includes effects on accumulated fair value changes, previously recognized, 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.

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

Commission income on reinsurance ceded is recognized as income in the year in which reinsurance premium is ceded.

Profit commission under reinsurance treaties wherever applicable, is recognized on accrual basis. Any subsequent revisions of profit commission are recognized for in the year in which final determination of the profits are intimated by reinsurers.





**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2017**

**1.4 Reinsurance ceded**

Reinsurance premium ceded is accounted in the year in which the risk commences and recognized over the period of risk in accordance with the treaty arrangements with the reinsurers. 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.

**1.5 Acquisition costs**

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts including reinsurance accepted and are expensed in the year in which they are incurred.

**1.6 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.

**1.7 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 attributable to, and to be allocated to the subsequent accounting period using 1/365 method.

**1.8 Reserve for Premium deficiency**

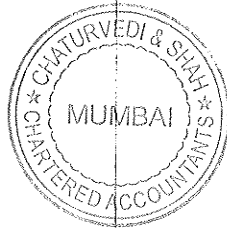
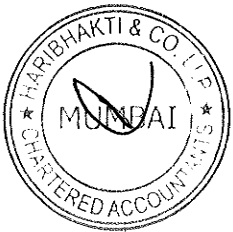
Premium deficiency reserve (PDR) is recognized if the cost of expected net claim cost, related expenses and maintenance cost exceeds the sum of related premium carried forward to subsequent accounting period as the reserve for unexpired risk. Premium deficiency reserve is recognised for the Company at reportable segmental revenue account level (i.e. Fire, Marine and Miscellaneous) excluding Motor Third Party portfolio including erstwhile Motor Pool, Declined Risks Pool. The expected claim cost is calculated and is duly certified by the Appointed Actuary and Mentor to the Appointed Actuary of the Company.

**1.9 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 and other directly attributable costs.

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 and Mentor to the Appointed Actuary of the Company in accordance with guidelines issued by IRDAI and Actuarial practice standard issued by the Institute of Actuaries of India.



**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2017**

**1.10 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 shown at weighted average cost subject to amortization of premium or accretion of discount on straight line 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. Unrealized gains/losses are credited / debited to fair value change account.

**Fair Value Change Account**

In accordance with the Regulations, any unrealized 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 in units of mutual funds is impaired. If any such indication exists, the carrying value of such investment is reduced to its recoverable amount and the impairment loss is recognized in the revenue(s)/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.

**1.11 Allocation of income and expenses**

Investment Income has been allocated between revenue accounts and profit and loss account on the basis of the ratio of average policyholders funds to average shareholders funds respectively; average being the balance at the beginning of the year and at the end of the year. Further, investment income has been allocated on the basis of the ratio of average policyholders' funds comprising reserves for unexpired risks, IBNR, IBNER, PDR, outstanding claims and other liabilities (net of other assets) related to policyholders.

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.

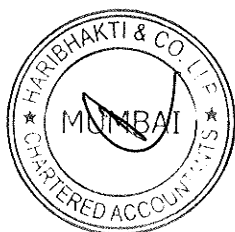
Expenses related to investment activities are charged to Profit & Loss Account.

**1.12 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 recorded at the consideration paid for acquisition / development and licensing less accumulated amortisation and impairment, if any.



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**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2017**

**1.13 Depreciation and amortisation**

Depreciation on fixed assets is provided using the straight-line method at the rates 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, not exceeding ten years, on a straight-line basis, commencing from the date the asset is available to the Company for its use.

**1.14 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 recognized in the revenue(s)/ 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.

**1.15 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 recognized 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.

**(iii) Gratuity**

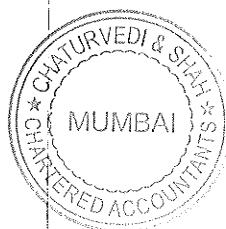
The Company's gratuity benefit scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each balance sheet date based on actuarial valuation carried out by an independent actuary using projected unit credit method. Actuarial gains and losses are recognized in the Profit and Loss account and revenue account as applicable. To the extent the benefit are already vested, past service cost is recognized.

**(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 recognized in the year in which the absences occur.

**1.16 Foreign Currency Transactions**

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction. Monetary items denominated in foreign currencies at the year end are reinstated at the year end rates. Non-monetary foreign currency items are carried at cost. Any gain or loss on account of exchange difference either on settlement or on translation is recognized in the revenue(s)/profit and loss account, as applicable.



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**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2017**

**1.17 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 income-tax law) 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) 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.

**(iii) Minimum alternative tax**

Minimum alternative tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the statement of profit and loss. 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.

**1.18 Provisions and Contingent liabilities**

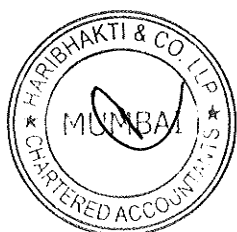
A provision is recognized when an enterprise has a present obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined 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.

**1.19 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.



**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2017**

**1.20 Segment Reporting**

In case of General insurance business, 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 on "Segment Reporting", 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.

**1.21 Share Issue Expenses**

Share issue expenses are charged to Profit and Loss account.

**1.22 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.

**1.23 Borrowing Costs**

Interest on borrowings is recognised on a time proportion basis taking into account the amount outstanding and rate applicable on the borrowings.

**1.24 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 the IRDAI.

**1.25 Loans**

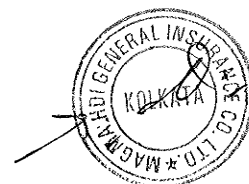
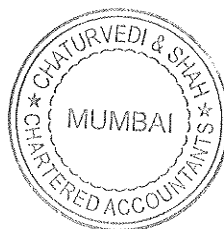
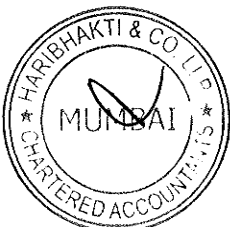
Loans are stated at historical cost, subject to provision as per master circular IRDA/F&I/CIR/F&A/231/10/2012 dated October 5th, 2012 and impairment, if any.

**1.26 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(s) and profit and loss account.

**1.27 Allocation of Investment Assets**

Investments 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.



SCHEDULE – 17:

(Rs. in '000)

Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2017

1 Contingent Liabilities

Particulars	As at 31 March 2017	As at 31 March 2016
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	-	-
• Income Tax	-	-
6 Reinsurance obligations to the extent not provided for in accounts	-	-
7 Others	-	-

2 Micro & Small Scale Business Entities

As at 31st March 2017 and 31st March 2016, the company has no dues to micro and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006. 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.

3 Encumbrances on Assets

The assets of the company are free from any encumbrances except in case of security deposit of Rs. 7,525 thousands (Previous year - Rs. 6,977 thousands) provided by the company to the lessor under the operating lease agreement and fixed assets (vehicles) of Rs. 3,027 thousands (Previous year - Rs. 1,037) which is hypothecated under finance arrangement with bank.

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. 31,105 thousands (Previous year - Rs. 17,961 thousands).

5 Premium

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

6 Premium Retention & Reinsurance

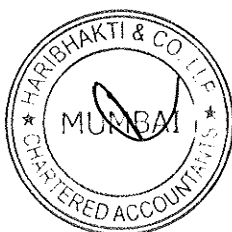
Extent of risk retained and reinsured based on gross written premium:

Particulars	Year ended		Year ended	
	31 March 2017		31 March 2016	
	Amount of Business Written	% of Business	Amount of Business	% of Business Written
Risk Retained	3,266,321	77.2%	3,319,470	77.7%
Risk Reinsured	962,475	22.8%	954,201	22.3%
<b>Total</b>	<b>4,228,796</b>	<b>100.0%</b>	<b>4,273,671</b>	<b>100.0%</b>

7 Sector wise business based on Gross Direct Premium (GDP)

Business Sector	Year ended 31 March 2017		Year ended 31 March 2016	
	GDP	% of GDP	GDP	% of GDP
Rural	2,459,211	58.6	2,315,275	57.6
Urban	1,735,706	41.4	1,704,851	42.4

Business Sector	Year ended 31 March 2017		Year ended 31 March 2016	
	GDP	No of Lives	GDP	No of Lives
Social	26,727	76425.0	19,294	87337.0



SCHEDULE – 17:

(Rs. in '000)

Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2017

8 Reinsurance Regulations

As per IRDA (General Insurance - Reinsurance) Regulations, 2013, prior approval from IRDA is required in case of placement of surplus over and above the domestic reinsurance arrangements with one reinsurer outside India in excess of the limit prescribed by IRDAI. In terms of IRDAI Reinsurance Regulation, the company has submitted the details in respects of its reinsurance arrangements including those where the reinsurance support exceeds the prescribed limit.

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 1975 thousands and Rs 15,422 thousands as at 31st March, 2017 and 31st March, 2016 respectively on segment level basis.

10 Claims

- All claims, net of reinsurance are incurred and paid in India.
- There are no claims which are settled and unpaid for a period of more than six months as on the balance sheet date.
- The company does not have any liability relating to claims where the claim payment period exceeds four years.

11 Change in Accounting Estimate

Change in Useful Life of Intangible Assets

During the year, based on technical evaluation done by the Company's in-house IT Team, the management reassessed the useful life of the Core Insurance/ Investment Application (IT Software) from 6 years to 10 years w.e.f. 01 April 2016. Accordingly, the Company has amortized the opening written down value as at 1st April, 2016 and additions made during the year over the remaining useful life of the IT softwares. Had the Company continued with the previously assessed useful lives, the profit before tax for the year ended 31st March 2017 would have been lower by Rs. 8,609 thousands.

12 Change in Accounting Policies

Change in accounting of Unexpired Risk Reserve in relation to 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"). The Company has been accumulating terrorism risk premium retroceded from the pool as reserve for unexpired risk on a conservative basis. With the objective to reflect the financial performance of the Company more appropriately, the Company has changed its existing accounting policy in this respect based on the past claim experience. Accordingly, the Company has carried forward 100% of terrorism risk premium (net of claims and expenses) retroceded to the company during the year to the subsequent accounting period as reserve for unexpired risk and recognized the balance accumulated premium in the Revenue A/c during the year. Had the company continued with the previous policy, the profit before tax for the year ended 31st March 2017 would have been lower by Rs 56,300 thousands.

13 Specified Bank Notes

The Financial Statements of the Company are prepared in accordance with the basis given under Note 1.1 of Significant Accounting Policies. Accordingly, the Company is not required to prepare its Financial Statements as per Schedule III of the Companies Act, 2013 and hence, disclosure of details related to Specified Bank Notes held and transacted during the period 08th November, 2016 to 30th December, 2016 via Notification G.S.R. 308(E) dated 30th March, 2017 does not apply to the Company.

14 Employee Benefit Plans

Defined Contribution Plan

Expenses on defined contribution plan	Year ended 31 March 2017	Year ended 31 March 2016
Contribution to Staff Provident Fund	20,106	15,506

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

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
	Gratuity	Gratuity
Opening defined benefit obligation	11,150	8,544
Current service cost	4,564	3,212
Interest cost	779	654
Actuarial losses/(gains)	1,062	(737)
Benefit paid	(2,504)	(523)
<b>Closing defined benefit obligation</b>	<b>15,051</b>	<b>11,150</b>



SCHEDULE – 17:

(Rs. in '000)

Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2017

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

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
	Gratuity	Gratuity
Opening fair value of the plan assets	14,302	9,130
Expected return on plan assets	1,195	890
Contributions by employer	4,260	4,805
Actuarial losses/(gains)	(3,400)	-
Benefit paid	(2,504)	(523)
<b>Closing fair value of the plan assets</b>	<b>13,853</b>	<b>14,302</b>

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

Particulars	As at 31 March 2017	As at 31 March 2016
	Gratuity	Gratuity
Present value of the defined benefit obligations	(15,051)	(11,150)
Fair value of plan assets	13,853	14,302
<b>Net asset/(liability)</b>	<b>(1,198)</b>	<b>3,152</b>

(d) Expense recognized in the profit and loss account

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
	Gratuity	Gratuity
Current service cost	4,564	3,212
Interest on defined benefit obligation	779	654
Net actuarial losses/(gains) recognized	4,462	(737)
Expected return on plan assets	(1,195)	(890)
<b>Total included in "Employee benefit expenses"</b>	<b>8,610</b>	<b>2,239</b>

(e) Summary of actuarial assumptions

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
	Gratuity	Gratuity
Discount rate	7.3%	7.9%
Salary increase	5.0%	5.0%
Expected rate of return on plan assets	8.0%	8.0%

(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.

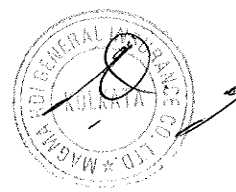
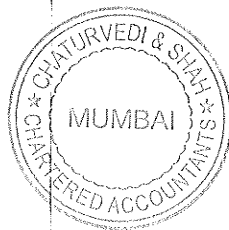
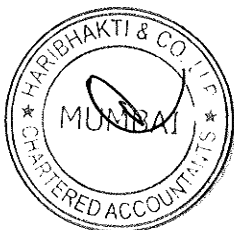
(g) **Expected rate of return on plan assets :** This is based on the expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

(h) **Salary escalation rate :** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

(i) Experience adjustments

Particulars	31 March 2017	31 March 2016	31 March 2015	31 March 2014
	Gratuity	Gratuity	Gratuity	Gratuity
Present value of defined benefit obligation	(15,051)	(11,150)	(8,544)	(4,796)
Fair value of plan assets	13,853	14,302	9,130	7,128
Funded Status	(1,198)	3,152	586	2,332
Experience (gain)/loss adjustment on plan liabilities	(6)	(778)	639	(143)
Experience gain/(loss) adjustment on plan assets	(3,400)	-	-	-
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	1,122	41	1,068	(414)

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





**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.

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Opening Balance	9,550	7,664
Add: Provision made during the year	1,585	1,886
Closing Balance	11,135	9,550

**15 Details of outsourcing, business development and marketing support:**

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Outsourcing expenses	806,619	752,259
Business development	-	-
Marketing Support	-	-

**16 Operating Lease**

The Company's significant leasing arrangements include agreements for office premises. These lease agreements are generally mutually renewable/

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Payable not later than one year	6,252	10,714
Payable later than one year but not later than five years	6,158	48,767
Payable later than five years	-	41,333

a. Rent expense include lease rent paid during the year for non-cancellable leases Rs. 5,316 thousands (Previous year Rs. 10,141 thousands)

b. The period of agreement is generally for nine years and renewable thereafter at the option of the lessee.

**17 Computation of managerial remuneration**

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Salary & allowances (including incentives)	27,361	10,450
Contribution to Provident and Other Funds	1,037	757
Perquisites	32	1,263
<b>TOTAL</b>	<b>28,430</b>	<b>12,470</b>

The remuneration to the Managing Director is in accordance with the terms of appointment approved by the Board of Directors, and approval granted by IRDAI as required under section 34A of the Insurance Act, 1938.

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

18 IRDAI vide Order No. IRDA/F&A/ORD/EMT/042/2013 dated 04/03/2013 has granted the Company exemption from compliance of Section 40C(1) of the Insurance Act, 1938 read with Rule 17E of the Insurance Rules, 1939 till Financial Year 2017-18. Accordingly, the Company is not required to comply with Regulation 11 of Insurance Regulatory and Development Authority of India (Expenses of Management of Insurers Transacting General or Health Insurance Business) Regulations, 2016 related to charge off the expenses above the allowable limits to the Profit & Loss Account.

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

Particulars		Units	As at 31 March 2017	As at 31 March 2016
Profit/(Loss) after Tax	(A)	Rs. '000	63,027	(118,521)
Weighted average number of equity shares	(B)	Nos.	112,500,000	109,426,230
Basic and diluted earnings per share	(A/B)	Rs.	0.56	(1.08)
Face Value per share		Rs.	10.00	10.00

20 IBNR (including IBNER) liability as at 31st March 2017 for all lines of business has been estimated by the Appointed Actuary and Mentor to the Appointed Actuary 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 31st March 2016 was carried out by the external consulting actuary in terms of letter dated April 28, 2016 bearing Ref: 06/IRDA/ACTL/AA-NL/2016-17 for the purpose of actuarial reporting for completion of financials as on that date. Pursuant to the directive of IRDAI, panel actuary appointed by IRDAI has also reviewed the estimates of the liabilities and accepted the valuation of liabilities made by the external consulting actuary and the report of the same has been filed with IRDAI.

21 There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company for the year ended March 31, 2017.

22 The Company does not have any long term contracts including derivative contracts wherein the Company is required to make provision towards any foreseeable losses.



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

**SCHEDULE – 17:**

(Rs. in '000)

**Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2017**

**23 a. Contribution to 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 has provided 0.1% of gross written premium on all motor third party policies (excluding reinsurance premium accepted on motor third party for commercial vehicles) towards contribution to the solatium fund.

During the year, the company has provided Rs.1,906 thousands (Previous year - Rs.1,585 thousands) as a charge to revenue account on an accrual basis, disclosed under current liabilities.

**b. Terrorism Pool**

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 31st December 2016.

**c. Indian Motor Third Party Declined Risk Pool (IMTPDRP)**

The Authority vide Order dated January 03, 2012 had created IMTPDRP for Act only Commercial Vehicle third party risks i.e. Act only policies. In accordance with the directions of IRDA, the Company, together with other insurance companies, was participating in the IMTPDRP. The IMTPDRP was a multilateral reinsurance arrangement, in which all member companies were compulsorily required to participate. The IMTPDRP was administered by the General Insurance Corporation of India (GIC).

Under this arrangement every insurer had to comply with the obligation to underwrite a minimum percentage of such policies that is calculated as an average of insurer's total gross premium percentage share in the industry and gross motor premium percentage share in the industry. Any business relating to Act only policies of Commercial Vehicles which does not fall within the underwriting parameters of insurers were used to be ceded to IMTPDRP.

The ceding Companies were required to retain 20% of such risk, while 5% was ceded to GIC under obligatory cession and remaining 75% ceded to IMTPDRP.

During the year ended 31 March 2017, the Company has received final audited statement from the administrator for the year ended 31st March 2016, and accordingly adjusted the books for the same.

- 24 Pursuant to Insurance Regulatory and Development Authority of India circular no. IRDA/F&A/GDL/CG/100/05/2016 dated 18th May, 2016 on Corporate Governance Guidelines, Details of additional work other than statutory audit are disclosed below:-

Particulars	As at 31 March 2017	As at 31 March 2016
Certification Work done by the statutory auditors	430	820

**25 Solvency Margin**

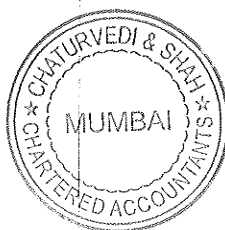
Particulars		Units	As at 31 March 2017	As at 31 March 2016
Required Solvency Margin under IRDAI Regulations	(A)	Rs. '000	1,021,291	1,148,876
Available Solvency Margin	(B)	Rs. '000	2,111,471	2,040,988
Solvency ratio actual	(B/A)	Times	2.07	1.78
Solvency ratio prescribed by Regulation		Times	1.50	1.50

**26 Deferred Tax Asset**

The components of deferred tax assets are as under :

Timing difference on account of	As at 31 March 2017		As at 31 March 2016	
	Deferred	Deferred	Deferred	Deferred
Unexpired risk reserve	33,174	-	23,964	-
Fixed assets	-	11,618	-	5,435
Expenses disallowed	4,731	-	1,977	-
Carry forward losses	70,719	-	77,250	-
Contribution to Solatium Fund	2,477	-	1,726	-
<b>Net deferred tax asset / (liability)</b>	<b>111,101</b>	<b>(11,618)</b>	<b>104,917</b>	<b>(5,435)</b>
<b>Total deferred tax asset / liability (Net)</b>	<b>99,482</b>	<b>-</b>	<b>99,482</b>	<b>-</b>

As required by Accounting Standard 22 (Taxes on Income), the Company performs reassessment of the deferred tax assets at each reporting date. The company has carried Deferred Tax Assets on eligible tax losses and unabsorbed depreciation to the extent Management of the company is virtually certain about availability of sufficient future taxable income against which such Deferred tax can be realized supported by convincing evidences.



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

**SCHEDULE – 17:**

(Rs. in '000)

**Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2017**

**27 Related Party Disclosures**

Related Party disclosure as at and for the year ended 31st March 2017.

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

**Joint Venturer**

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

**Key Management Personnel**

Rajive Kumaraswami (from 15.06.2016)  
Swaraj Krishnan (upto 14.06.2016)  
Gaurav Parasrampuria  
Kavita Modi

**Directors**

Mayank Poddar  
Sanjay Chamria  
Kailash Nath Bhandari  
Jens Holger Wohlthat

**Subsidiary of Joint Venturers**

Magma ITL Finance Limited  
Magma Housing Finance  
HDI-Gerling Welt Service AG

**Relatives of Key Management Personnel  
(where there have been transaction)**

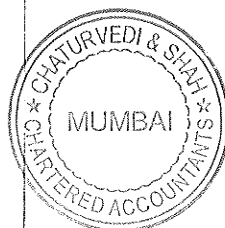
Rupa Parasrampuria

**Directors**

Sunil Mitra  
V.K. Viswanathan  
Janet Gasper Chowdhury (upto 28.10.2016)

(Rs. in '000)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2017	Outstanding amount as at 31 March 2017	Transaction value for the year ended 31 March 2016	Outstanding amount as at 31 March 2016
<b>Joint Venture</b>					
Magma Fincorp Limited	Cash deposit received	1,434,880	66,477	1,609,036	57,900
	Cash deposit adjusted for policy issued	1,426,303	-	1,604,861	-
	Purchase of fixed assets	-	-	-	-
	Corporate agent commission	81,605	2,814	103,792	3,547
	Sharing of expenses	100,832	-	91,976	-
	Premium from direct business written	1,003	-	1,060	-
	Equity Share Capital	-	352,500	92,500	352,500
	Share premium	-	277,500	277,500	277,500
Jaguar Advisory Services Private Limited	Equity Share Capital	-	225,000	-	225,000
HDI Global SE	Equity Share Capital	-	287,500	32,500.00	287,500
	Share premium	-	1,177,500	97,500.00	1,177,500
Celica Developers Private Limited	Payment of Rent	-	-	5,040	-
	Premium from direct business written	514	-	373	-
	Security Deposit Refunded	-	-	3,024	-
	Equity Share Capital	-	260,000	-	260,000
<b>Fellow Subsidiary</b>					
Magma ITL Finance Limited	Cash deposit received	266,941	3,748	283,931	9,580
	Cash deposit adjusted for policy issued	272,773	-	284,836	-
Magma Housing Finance	Cash deposit received	8,826	4,716	14,672	3,276
	Cash deposit adjusted for policy issued	7,386	-	13,382	-
	Investment	-	-	-	100,000
HDI-Gerling Welt Service AG	Premium on reinsurance ceded	468,047	-	406,640	-
	Claims on reinsurance ceded receivable	122,210	-	124,262	-
	Commission on reinsurance ceded	55,565	-	49,330	-
	Payment made on account of reinsurance ceded	452,767	95,615	323,482	258,110



SCHEDULE - 17:

(Rs. in '000)

Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2017

Key Management Personnel					
Rajive Kumaraswami	Key managerial remuneration	26,369	-	-	-
Swaraj Krishnan	Key managerial remuneration	2,061	-	12,470	-
	Premium from direct business written	-	-	5	-
Gaurav Parasrampuria	Key managerial remuneration	7,179	-	6,522	-
Kavita Modi	Key managerial remuneration	1,183	-	1,003	-
Relatives of Key Management Personnel					
Rupa Parasrampuria	Premium from direct business written	-	-	5	-
	Car hiring charges	780	-	650	-
Directors					
Mayank Poddar	Premium from direct business written	14	-	-	-
Janet Gasper Chowdhury	Premium from direct business written	8	-	47	-
Kailash Nath Bhandari	Payment of sitting fess	530	-	230	-
Sunil Mitra	Payment of sitting fess	455	-	245	-
V K Viswanathan	Payment of sitting fess	515	-	245	-

28 Previous year figures have been reclassified, wherever necessary, conform to current year's presentation

Previous Year Grouping		Current Year Grouping		
Description	Schedule	Description	Schedule	Amount
Advances( Advance recoverable in cash or in kind)	12	Other Asset ( Unsettled investment contract receivable)	12	34,150
Current Liabilities ( Other Payables)	13	Current Liabilities ( Sundry Creditors)	13	56,202
Current Liabilities ( Other Payables)	13	Current Liabilities ( Due to Policyholders)	13	9,503
Current Liabilities ( Other Payables)	13	Provisions (Provision for employee benefits)	14	6,398
Investments - Total	8	Investments - Shareholders	8	20,79,257
		Investments - Policyholders	8A	65,84,519

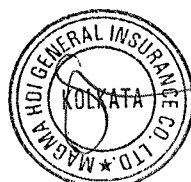
29 Details of age-wise analysis of the unclaimed amount of the policyholders for the year ended March 31, 2017

As per the circular issued by IRDAI vide reference number IRDA/F&I/CIR/F&A/231/10/2012 dated 5th October, 2012, below table mentions the age-wise analysis of unclaimed amount by the policyholders as on 31 March 2017:

Sl	Ageing	Total	4 to 12	13 to 18	19 to 24	25 to 30	31 to 36	Beyond 36
1	Claims settled but not paid to the policyholders/insured due to any reasons except under litigation from the insured / policyholders.	-	-	-	-	-	-	-
2	Ant other sum payable to the insured / policyholder on completion of the policy terms 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.	136	86	18	6	13	3	11
4	Cheques issued but not encashed by the policyholder/insured. *	12,074	8,630	545	1,013	524	955	407

\* Does not include cheques issued to policyholders and appearing in bank reconciliation as on 31st March, 2017.

Particulars	As at 31 March 2017	As at 31 March 2016
Opening balance	7,806	9,337
Add: Amount transferred to unclaimed amount	23,991	9,130
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (To be included only when the cheques are stale)	-	-
Add: Investment income	246	-
Less: Amount paid during the year	19,968	10,660
Closing balance of Unclaimed amount	12,074	7,806



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 2017

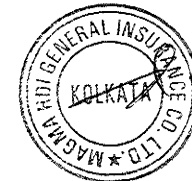
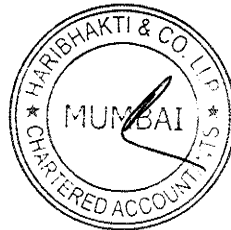
30) **Segment Reporting**

**Segment Information for the year ended on 31 March 2017**

Segment revenues and segment results have been incorporated in the Financial Statements. However segment asset and liabilities, given the nature of the business, have been allocated amongst various segments to the extent possible.

(Rs. in '000)

Particulars	Fire	Marine	MISCELLANEOUS									Total
			Motor	Engineering	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	Others			
									Other Liability	WEATHER	Others	
Premium received in advance	92 267	57 231	78,353 77,437	344 457	- -	204 194	- -	27 10	385 382	- -	65 151	79,527 79,130
Claims outstanding at the end of the year	50,938 48,351	42,866 37,152	5,322,425 4,563,494	26,534 31,809	450 47	21,721 3,068	- -	24,408 15,962	6,092 3,869	- 42,896	84,020 19,121	5,579,454 4,763,770
Reserve for unexpired risk at the end of the year	77,667 92,101	6,409 8,178	1,616,946 1,585,406	13,567 28,027	299 153	8,373 7,186	- 4	8,308 9,907	1,945 5,940	- -	11,099 12,284	1,744,613 1,749,186
Liability for Solatium Fund	-	-	7,491 5,586	- -	- -	- -	- -	- -	- -	- -	- -	7,491 5,586
Reserve for premium deficiency	- 11,514	1,975 3,908	- -	- -	- -	- -	- -	- -	- -	- -	- -	1,975 15,422



SCHEDULE – 17 : Notes to Accounts forming part of the Financial Statements for the year ended 31 March 2017

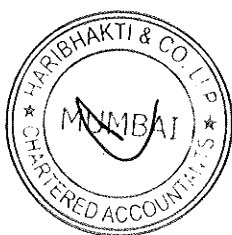
31) Summary of Financial Statements

(Rs. in '000)

S No.	Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
	<b>OPERATING RESULTS</b>					
1	Gross Direct Premium	4,194,917	4,039,421	4,735,949	4,249,306	951,385
2	Net Premium Income*	3,266,321	3,319,470	4,111,712	3,749,109	787,426
3	Income from Investments**	642,475	596,417	604,931	202,416	30,636
4	Other Income	8,081	4,053	-	-	-
5	Total Income	3,916,877	3,919,940	4,716,643	3,951,525	818,062
6	Commissions (Net) (Including Brokerage)	38,342	115,089	187,351	147,748	32,416
7	Operating Expenses	1,415,701	1,258,323	1,210,580	897,899	295,704
8	Net Incurred Claims	2,587,357	3,188,302	3,405,295	1,936,431	125,485
9	Contribution to Solatium Fund	1,906	1,585	1,754	1,897	349
10	Premium deficiency Reserve	(13,447)	15,422	-	-	-
11	Change in Unexpired Risk Reserve	(4,573)	(412,775)	50,005	1,467,246	644,710
12	<b>Operating Profit / Loss</b>	<b>(108,409)</b>	<b>(246,006)</b>	<b>(138,342)</b>	<b>(499,696)</b>	<b>(280,602)</b>
	<b>NON OPERATING RESULTS</b>					
13	Total income under Shareholder's Account (Net of expenses)	180,106	180,192	224,414	167,044	145,668
14	Profit/(Loss) before Tax	71,697	(65,814)	86,072	(332,652)	(134,934)
15	Provision for Income Tax	8,670	-	1,415	-	38,003
16	Provision for Defer Tax	-	52,707	26,582	(99,643)	(79,128)
17	Profit/(Loss) after Tax	63,027	(118,521)	58,075	(233,009)	(93,809)
	<b>MISCELLANEOUS</b>					
18	Policyholder's Account					
	Total Funds	7,610,219	6,943,172	5,766,719	3,759,270	756,488
	Total Investments	6,947,094	6,640,348	5,574,738	2,991,873	764,111
	Yield on Investments	8.46%	8.69%	8.89%	9.42%	9.11%
19	Shareholder's Account					
	Total Funds	2,255,538	2,192,512	1,811,033	1,752,959	1,985,922
	Total Investments	2,056,978	2,023,428	2,085,697	2,477,192	1,964,856
	Yield on Investments	8.46%	8.69%	8.89%	9.42%	9.11%
20	Paid up Equity Capital	1,125,000	1,125,000	1,000,000	1,000,000	1,000,000
21	Net Worth	2,255,539	2,192,512	1,811,033	1,753,000	1,985,968
22	<b>Total Assets (Gross of Current Liabilities and Provisions)</b>	<b>10,496,873</b>	<b>9,578,728</b>	<b>8,400,331</b>	<b>6,067,066</b>	<b>3,024,028</b>
23	Yield on Total Investments	8.46%	8.69%	8.89%	9.42%	9.11%
24	Earning Per Share (Rs.)	0.56	(1.08)	0.58	(2.33)	(1.01)
25	Book value per share (Rs.)	20	19	18	18	20
26	Total Dividend	-	-	-	-	-
27	Dividend per share (Rs.)	-	-	-	-	-

\* Net of reinsurance

\*\* Net of losses

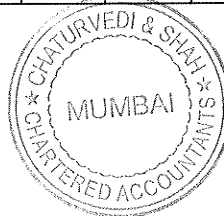
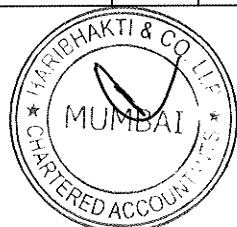


SCHEDULE - 17 : Notes to Accounts forming part of the Financial Statements for the year ended 31 March 2017

32) Ratios for the year ended 31 March, 2017

The following ratios have been calculated as per IRDA Circular IRDA/F&A/011/2010 dated 28 January, 2010 and Consipendum on master Circular IRDA/F&A/CIR/F/A/126/07/2013 dated 3 July 2013.

Sl. No.	Performance Ratio	For the year ended 31 March 2017											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)	5.25%	22.91%	3.09%	1.74%	-33.98%	-23.37%	40.92%	-100.00%	65.13%	46.49%	28.83%	3.85%
2	Gross Direct Premium to Net Worth Ratio GDPI / Net worth	0.14	0.07	1.66	1.51	0.03	0.00	0.01	-	0.01	0.08	0.01	1.86
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	2.87%
4	Net Retention Ratio Net Premium / (Gross Direct Premium Income + Reinsurance Accepted)	16.77%	8.67%	85.43%	92.00%	29.47%	79.95%	79.94%	0.00%	50.34%	0.02%	35.16%	77.24%
5	Net Commission Ratio Net Commission / Net Written premium	-6.72%	-65.67%	1.59%	2.06%	-6.40%	24.99%	11.10%	0.00%	13.12%	-3563.4%	-12.44%	1.17%
6	Expenses of Management to Gross direct Premium Ratio Expenses of Management/ GDPI	43.02%	37.41%	37.45%	37.05%	44.24%	43.69%	43.11%	0.00%	46.66%	39.27%	44.84%	37.86%
7	Expenses of Management to Net written Premium Ratio Expenses of Management/ NWPI	235.15%	431.39%	43.77%	40.25%	141.55%	54.64%	53.92%	0.00%	92.69%	166667.31%	125.96%	48.62%
8	Net Incurred claims to Net Earned Premium Net Incurred Claims / Net Earned Premium	16.90%	126.57%	79.83%	78.49%	46.96%	79.96%	120.68%	-25.00%	181.24%	55.02%	378.56%	78.69%
9	Combined Ratio (Claims, commission plus expenses of management)/ NWPI	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	123.21%
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	2.24
11	Underwriting Balance Ratio (Underwriting profit/ loss)/ Net earned premium	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	(0.23)
12	Operating Profit Ratio (Underwriting Profit/ loss + Investment Income)/ Net Earned Premium	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-3.50%
13	Liquid Assets to Liabilities Ratio Liquid Assets / Policyholders liabilities												0.17
14	Net Earning Ratio Profit after tax/ net premium	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	1.93%
15	Return on Net Worth Profit after tax/ Net Worth	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	2.79%
16	Available Solvency Margin Ratio to Required Solvency Margin Ratio ASM/RSM	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	2.07
17	NPA Ratio	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Sl. No.	Performance Ratio	For the year ended 31 March 2016											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)	-2.18%	14.58%	-16.30%	-16.63%	-6.80%	-88.49%	95.90%	-9.04%	31.62%	-11.84%	-51.61%	-14.71%
2	Gross Direct Premium to Net Worth Ratio GDPI / Net worth	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	1.84
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	21.06%
4	Net Retention Ratio Net Premium / (Gross Direct Premium Income + Reinsurance Accepted)	11.23%	7.53%	86.07%	94.85%	25.56%	32.23%	88.89%	100.00%	87.84%	6.20%	80.32%	77.67%
5	Net Commission Ratio Net Commission / Net Written premium	-34.01%	-74.50%	4.14%	4.33%	-0.02%	-33.33%	10.26%	0.00%	12.86%	-147.95%	9.97%	3.47%
6	Expenses of Management to Gross direct Premium Ratio Expenses of Management/ GDPI	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	36.02%
7	Expenses of Management to Net written Premium Ratio Expenses of Management/ NWPI	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	43.83%
8	Net Incurred claims to Net Earned Premium Net Incurred Claims / Net Earned Premium	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	85.43%
9	Combined Ratio (Claims, commission plus expenses of management)/ NWPI	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	126.80%
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	1.97
11	Underwriting Balance Ratio (Underwriting profit/ loss)/ Net earned premium	(2.00)	2.21	(0.21)	NA	NA	NA	NA	NA	NA	NA	NA	(0.23)
12	Operating Profit Ratio (Underwriting Profit/ loss + Investment Income)/ Net Earned Premium	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-6.5%
13	Liquid Assets to Liabilities Ratio Liquid Assets / Policyholders liabilities	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.19
14	Net Earning Ratio Profit after tax/ net premium	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-3.57%
15	Return on Net Worth Profit after tax/ Net Worth	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-5.41%
16	Available Solvency Margin Ratio to Required Solvency Margin Ratio ASM/RSM	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	1.78
17	NPA Ratio	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA



**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 2017

(Rs. in '000)

**33 Details of Penal actions taken by various Government Authorities during the year ended March 31, 2017**

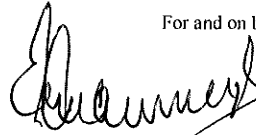
As per IRDA Circular No 005/IRDA/F&A /CIR/MAY-09 dated May 07, 2009, below table mentions the details of the penalty imposed by various regulators and Government Authority.

Sl. No.	Authority	Non-compliance / violation	Penalty Awarded	Penalty Paid	Penalty Waived /Received/ Stay Recd.
1	Insurance Regulatory and Development Authority *	-	500	500	-
2	Service Tax Authorities	-	-	-	-
3	Income Tax Authorities	-	-	-	-
4	Any other Tax Authorities	-	-	-	-
5	Enforcement Directorate / Adjudicating Authority / Tribunal or any Authority under	-	-	-	-
6	Registrar of Companies / NCLT/CLB/Department of Corporate Affairs or any Authority	-	-	-	-
7	Penalty awarded by Court/Tribunal for any matter including claim settlement but excluding	-	-	-	-
8	Securities Exchange Board of India	-	-	-	-
9	Competition Commission of India	-	-	-	-
10	Any other Central / State /Local Government /Statutory Authority	-	-	-	-

\* In terms of IRDAI order dated 5th april, 2017, the Company has paid the penalty levied, during the month of April 2017.

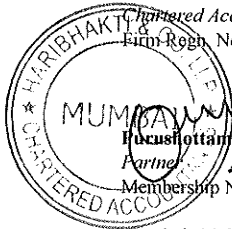
As per our Report of even date attached.

For and on behalf of the Board of Directors


  
Sanjay Chamria  
Chairman

  
Rajive Kumaraswami  
Managing Director &  
Chief Executive Officer

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

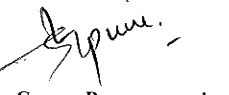
  
MUMBAI  
Hrushottam Nyati  
Partner  
Membership No. 118970  
Mumbai, 4th May 2017

For Chaturvedi & Shah  
Chartered Accountants  
Firm Regn. No. 101720W

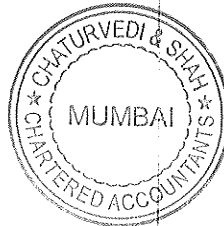
  
Lalit R. Mhalsekar  
Partner  
Membership No. 103418

  
Kailash Nath Bhandari  
Director

  
Sunil Mitra  
Director

  
Gaurav Parasrampur  
Chief Financial Officer

  
Kavita Modi  
Company Secretary

  
MUMBAI  
CHARTERED ACCOUNTANTS